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THE
ASIATIC SOCIETY OF BOMBAY
TOWN HALL, BOMBAY-1.

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on 01 February, 2020

REPORT

FROM THE

SELECT COMMITTEE

ON

EAST INDIA FINANCE;

WITH THE

PROCEEDINGS OF THE COMMITTEE.

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Ordered, by The House of Commons, *to be Printed,*
18 *July* 1871.

Thursday, 23rd February 1871.

Ordered, THAT a Select Committee be appointed to inquire into the Finance and Financial Administration of India.

Thursday, 9th March 1871.

Ordered, THAT the Committee do consist of Twenty-two members.

Committee nominated as follows:—

Mr. Ayrton.	Sir J. Elphinstone.
Mr. Cave.	Mr. Lyttelton.
Mr. Crawford.	Mr. Birley.
Mr. Baring.	Sir D. Wedderburn.
Mr. Fawcett.	Mr. Beach.
Mr. Beckett Denison.	Sir T. Bazley.
Sir C. Wingfield.	Mr. Hermon.
Mr. Eastwick.	Mr. M'Clure.
Mr. Dickinson.	Mr. Cross.
Mr. Bourke.	Mr. J. B. Smith.
Mr. Candlish.	Mr. Grant Duff.

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Ordered, THAT the Committee have power to send for persons, papers, and records.

Ordered, THAT Seven be the quorum of the Committee.

Thursday, 30th March 1871.

Ordered, THAT the Committee do consist of Twenty-four Members.

Ordered, THAT Sir *Wilfrid Lawson* and Mr. *Fowler* be added to the Committee.

Friday, 28th April 1871.

Ordered, THAT the Committee do consist of Twenty-six Members.

Ordered, THAT Mr. *Haviland-Burke* and Mr. *Charles Dalrymple* be added to the Committee.

Wednesday, 3rd May 1871.

Ordered, THAT the Petition from Bombay, for revision of taxation and public expenditure, and for redress of grievances, be referred to the Committee.

Ordered, THAT the Petition of members of Bombay Association and other native inhabitants of Bombay Presidency, for inquiry, be referred to the Committee.

Wednesday, 7th June 1871.

Ordered, THAT the Committee do consist of Twenty-seven Members.

Ordered, THAT Sir *Stafford Northcote* be added to the Committee.

Tuesday, 18th July 1871

Ordered, THAT the several Accounts of the Government of India [presented 9th February and 11th May] be referred to the Committee.

Ordered, THAT the Committee have power to report their Observations, together with the Minutes of Evidence, to the House.

REPORT . . . . . p. iii
PROCEEDINGS OF THE COMMITTEE . . . . . p. v

REPORT.

THE SELECT COMMITTEE appointed "to enquire into the FINANCE and FINANCIAL ADMINISTRATION of INDIA;"——HAVE considered the matters to them referred, and have agreed to the following REPORT:—

1. YOUR Committee have thought it desirable to proceed with their enquiry in the order of the Receipt and Expenditure, as shown in the Accounts of the Government of India referred to the Committee, before entering into the consideration of the more general questions affecting the Finances of India: they have accordingly examined numerous witnesses conversant with the various branches of the revenue of India, from whom information has been derived respecting the circumstances under which the revenue of India has been raised to its gross amount of 50,901,081 *l.* shown in the Account for 1869-70; the conditions under which it is collected; and the contingencies which may influence its amount in future.

2. Your Committee find it impossible in the present Session to conclude this branch of their investigation, or to proceed with the enquiry respecting the nature of the expenditure and its relations to the revenue, and they therefore recommend that the Committee be re-appointed at the commencement of the next Session to proceed with the enquiry.

3. Your Committee have, however, been much impressed with the evidence which has been laid before them respecting the directions which were given by the Secretary of State for India in Council, in the year 1862, to extend the system of permanent settlement of the land revenue prevailing in some of the Bengal provinces to other parts of India.

4. They have not yet been able to receive the evidence of those by whom the directions were either recommended or issued. Whilst, therefore, they abstain from expressing any opinion on the question, they think it right that the attention of the Secretary of State for India in Council should be called to this evidence, in order that he may reconsider the subject, and, in the meantime, determine whether steps should not be taken to suspend any further proceedings to carry out the Despatch of his predecessor.

5. Your Committee have found that the evidence presented to them is, in some respects, wanting in precision, in consequence of the accounts in India not having been prepared in such a manner as to show the results which should be known to enable a judgment to be formed on important questions affecting the finances. Your Committee therefore recommend that instructions should be given by the Government of India to some competent officer to ensure statements of account being prepared on a uniform basis, and in sufficient detail, by the officers of account for each of the subordinate governments, with exact explanations of important changes of system, and of the causes of increase or decrease of amounts in each case, for the year 1856-57, and the years 1869-70 and 1870-71, in order that these statements may be laid before the Committee at the beginning of the next Session.

6. The questions which have been put to the witnesses already examined, and their replies, will sufficiently indicate the nature of the accounts required, and the Estimates laid upon the table of the House for the Naval, Military, and Miscellaneous Civil Expenditure both for the Effective and Non-effective

Services by Her Majesty's Government, will explain the extent to which information is afforded to the House of Commons respecting the public expenditure.

7. Your Committee also desire that in all cases where the Indian Government has embarked in any special enterprise, such as harbours, railways, irrigation, and other public works, telegraphy, transport, and banking, a balance sheet for the past two years, at least, should be prepared, manifesting the sources of income and the expense as charged under the various heads of the accounts of general expenditure; also statements showing, for a suitable series of years, the amount of capital expended and the balance of profit or loss.

8. Your Committee are further of opinion that it would facilitate their investigations if the officer by whom the preparation of the desired statements of accounts is supervised, should personally bring them before the Committee, to give whatever explanation may be required.

9. It will be observed that the evidence already taken has been chiefly derived from official sources, but your Committee would be glad to receive the evidence of any inhabitant of India, whether of Indian or European extraction, who may desire to appear before them for the purpose of giving accurate and useful information, which, by its comprehensive intelligence, may be likely to assist the Committee in their enquiries and future deliberations.

18 *July* 1871.

PROCEEDINGS OF THE COMMITTEE.

Thursday, 16*th March* 1871.

MEMBERS PRESENT:

Mr. Grant Duff.	Mr. M'Clure.
Mr. Hermon.	Mr. Lyttelton.
Mr. Fawcett.	Mr. Candlish.
Mr. Birley.	Mr. Cross.
Sir C. Wingfield.	Mr. Ayrton.
Mr. Dickinson.	Sir D. Wedderburn.
Mr. Denison.	Mr. Crawford.
Sir J. Elphinstone.	Mr. Beach.
Mr. Eastwick.	Mr. Cave.
Sir Thomas Bazley.	Mr. Bourke.
Mr. Baring.	

Mr. *Ayrton* was called to the Chair.

[Adjourned till Friday, 24th March, at Twelve o'clock.

Friday, 24*th March* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Hermon.	Mr. Crawford.
Mr. J. B. Smith.	Mr. Baring.
Sir T. Bazley.	Mr. Birley.
Mr. Lyttelton.	Mr. Beach.
Mr. Eastwick.	Mr. Fawcett.
Mr. Denison.	Mr. M'Clure.
Mr. Grant Duff.	Sir D. Wedderburn.
Mr. Cave.	Sir J. Elphinstone.
Sir C. Wingfield.	Mr. Candlish.

Sir *Bartle Frere* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 28*th March* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. M'Clure.	Mr. Birley.
Mr. J. B. Smith.	Mr. Beach.
Sir T. Bazley.	Sir J. Elphinstone.
Mr. Lyttelton.	Mr. Cross.
Mr. Eastwick.	Mr. Hermon.
Mr. Denison.	Mr. Bourke.
Mr. Grant Duff.	Sir C. Wingfield.
Mr. Cave.	Mr. Fawcett.
Mr. Dickinson.	Sir D. Wedderburn.

Sir *Bartle Frere* and Mr. *Mangles* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 31*st March* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Sir T. Bazley.
Mr. Eastwick.	Mr. Beach.
Mr. Grant Duff.	Sir David Wedderburn.
Mr. Cave.	Mr. Hermon.
Mr. Dickinson.	Mr. Cross.
Mr. Birley.	Mr. Lyttelton.
Mr. M'Clure.	Mr. Fawcett.
Sir C. Wingfield.	Mr. Fowler.

Sir *Robert Montgomery* and Mr. *R. A. Dalyell* were severally examined.

[Adjourned till Tuesday, 18th April, at Twelve o'clock.

Tuesday, 18*th April* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Fawcett.	Mr. Grant Duff.
Mr. J. B. Smith.	Sir J. Elphinstone.
Mr. Denison.	Sir Charles Wingfield.
Mr. Lyttelton.	Mr. Beach.
Sir D. Wedderourn.	Mr. Dickinson.
Mr. Bourke.	Mr. Eastwick.
Mr. Birley.	Mr. Cave.

Mr. *J. H. Morris* and Sir *A. Phayre* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 21*st April* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Fawcett.	Sir T. Bazley.
Mr. J. B. Smith.	Mr. Bourke.
Mr. Lyttelton.	Sir D. Wedderburn.
Mr. Grant Duff.	Sir. J. Elphinstone.
Mr. Cave.	Mr. Denison.
Sir Charles Wingfield.	Mr. Hermon.
Mr. Beach.	Mr. Dickinson.

Sir *R. Montgomery* and Sir *Charles Wingfield* (a Member of the Committee) were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 25*th April* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir. T. Bazley.	Mr. Grant Duff.
Mr. Dickinson.	Mr. Bourke.
Mr. J. B. Smith.	Mr. Hermon.
Mr. Lyttelton.	Sir J. Elphinstone.
Sir David Wedderburn.	Mr. M'Clure.
Sir. Charles Wingfield.	Mr. Candlish.
Mr. Beach.	Mr. Cross.
Mr. Fawcett.	

Sir *Charles Wingfield* (a Member of the House), Mr. *Phillimore*, and Dr. *Cleghorn*, were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 28*th April* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Mr. Denison.
Mr. Grant Duff.	Mr. Dickinson.
Sir James Elphinstone.	Mr. Fawcett.
Mr. Candlish.	Sir D. Wedderburn.
Mr. Lyttelton.	Mr. Bourke.
Mr. Beach.	Mr. M'Clure.
Sir Charles Wingfield.	Mr. Eastwick.
Mr. Cave.	

Dr. *Cleghorn* and Mr. *Seccombe* were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 2*nd May* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir C. Wingfield.	Mr. Lyttelton.
Mr. Birley.	Mr. Cave.
Mr. Duff.	Sir W. Lawson.
Sir T. Bazley.	Mr. Fowler.
Mr. Dickinson.	Mr. Baring.
Mr. Bourke.	Mr. Denison.
Mr. Fawcett.	Sir D. Wedderburn.
Mr. Beach.	Mr. Hermon.
Mr. J. B. Smith.	Mr. Eastwick.
Sir J. Elphinstone.	Mr. M'Clure.

Sir *Cecil Beadon* was examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 5*th May* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Fawcett.	Mr. Baring.
Sir Wilfrid Lawson.	Mr. Grant Duff.
Sir Charles Wingfield.	Mr. Birley.
Mr. J. B. Smith.	Mr. Beach.
Sir T. Bazley.	Sir David Wedderburn.
Mr. Eastwick.	Mr. Denison.
Mr. Fowler.	Mr. Bourke.
Sir James Elphinstone.	Mr. M'Clure.
Mr. Lyttelton.	Mr. Candlish.

Sir *Cecil Beadon* and Sir *F. Halliday* were severally examined.

[Adjourned till Tuesday next, at Twelve o'clo

Tuesday, 9*th May* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Sir C. Wingfield.
Mr. Thomas Bazley.	Mr. Baring.
Mr. Lyttelton.	Sir Wilfrid Lawson.
Mr. Grant Duff.	Mr. Eastwick.
Mr. Birley.	Mr. M'Clure.
Mr. Fawcett.	Mr. Candlish.
Sir David Wedderburn.	Mr. Fowler.
Mr. Beach.	Mr. Cave.
Mr. Bourke.	Mr. Denison.
Mr. Dickinson.	Mr. Cross.

Sir *T. Pycroft*, Sir *Cecil Beadon*, and Mr. *Pedder*, were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 12*th May* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Dalrymple.	Mr. Beach.
Mr. Fawcett.	Mr. Dickinson.
Mr. J. B. Smith.	Mr. Grant Duff.
Mr. Lyttelton.	Sir James Elphinstone.
Mr. Eastwick.	Mr. Cross.
Sir D. Wedderburn.	Mr. Denison.
Sir Wilfrid Lawson.	Mr. Cave.
Mr. M'Clure.	Mr. Fowler.
Mr. Bourke.	

Mr. *W. G. Pedder*, Mr. *C. W. Bell*, and Sir *D. F. M'Leod*, were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 16*th May* 1871.

MEMBERS PRESENT:

Mr. GRANT DUFF in the Chair.

Mr. J. B. Smith.	Mr. Cross.
Mr. Fawcett.	Mr. Dickinson.
Sir Wilfrid Lawson.	Mr. Denison.
Mr. Beach.	Mr. Grant Duff.
Mr. Fowler.	Sir Charles Wingfield.
Mr. Eastwick.	Mr. M'Clure.
Sir David Wedderburn.	Mr. Cave.
Mr. Birley.	Mr. Crawford.
Mr. Lyttelton.	Mr. Hermon.
Sir J. Elphinstone.	

The Committee deliberated as to the course of evidence and the witnesses to be examined.

Mr. *Wigram Money* and Sir *R. Hamilton* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 19*th May* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir T. Bazley.	Mr. Grant Duff.
Mr. Birley.	Sir J. Elphinstone.
Mr. Fowler.	Mr. J. B. Smith.
Sir Wilfrid Lawson.	Mr. Denison.
Sir David Wedderburn.	Mr. Bourke.
Mr. Eastwick.	Mr. M'Clure.
Mr. Lyttelton.	Mr. Crawford.
Mr. Hermon.	Mr. Cave.
Mr. Beach.	Mr. Fawcett.
Sir Charles Wingfield.	

Dr. *George Smith* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 23*rd May* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Mr. Cave.
Mr. Beach.	Mr. Denison.
Mr. Lyttelton.	Mr. Grant Duff.
Sir T. Bazley.	Mr. Eastwick.
Sir Wilfrid Lawson.	Mr. M'Clure.
Mr. Bourke.	Mr. Fowler.
Mr. Crawford.	Mr. Dickinson.
Mr. Birley.	Mr. Cross.
Mr. Hermon.	

Mr. *Cooper*, Sir *Bartle Frere*, and Sir *Rutherford Alcock*, were severally examined.

[Adjourned till Tuesday, 6th June, at Twelve o'clock.

Tuesday, 6*th June* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Sir Wilfrid Lawson.
Mr. Cross.	Mr. Fowler.
Mr. Dickinson.	Mr. Candlish.
Mr. Haviland-Burke.	Mr. Grant Duff.
Mr. Lyttelton.	Sir T. Bazley.
Sir J. Elphinstone.	Sir David Wedderburn.
Sir C. Wingfield.	Mr. Hermon.
Mr. Beach.	Mr. Candlish.
Mr. Birley.	Mr. Cave.
Mr. Bourke.	Mr. Crawford.

Sir *R. Alcock*, Mr. *Winchester*, and Mr. *Bullen* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 9*th June* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir Stafford Northcote.	Sir David Wedderburn.
Mr. Candlish.	Mr. Crawford.
Mr. Lyttelton.	Mr. Grant Duff.
Mr. J. B. Smith.	Mr. Beach.
Mr. Dalrymple.	Mr. Birley.
Sir C. Wingfield.	Sir Wilfrid Lawson.
Sir J. Elphinstone.	Mr. Haviland-Burke.
Sir Thomas Bazley.	Mr. Cave.
Mr. Fawcett.	Mr. Fowler.
Mr. Eastwick.	

Mr. *Harrison* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 13*th June* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir Wilfrid Lawson.	Sir James Elphinstone.
Sir David Wedderburn.	Mr. Beach.
Sir Stafford Northcote.	Mr. M'Clure.
Sir T. Bazley.	Mr. Bourke.
Mr. J. B. Smith.	Mr. Grant Duff.
Mr. Lyttelton.	Mr. Birley.
Mr. Dalrymple.	Mr. Hermon.
Sir C. Wingfield.	Mr. Crawford.
Mr. Eastwick.	Mr. Haviland-Burke.
Mr. Candlish.	Mr. Cave.

Mr. *Harrison* and Colonel *Chesney* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 16*th June* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Haviland-Burke.	Mr. Fawcett.
Mr. J. B. Smith.	Mr. Dalrymple.
Sir T. Bazley.	Mr. Bourke.
Mr. Lyttelton.	Mr. Grant Duff.
Sir C. Wingfield.	Mr. Cave.
Sir David Wedderburn.	Mr. Cross.
Sir Wilfrid Lawson.	Mr. Candlish.
Mr. Birley.	Mr. Eastwick.
Mr. Beach.	Mr. M'Clure.

Mr. *Stuart Reid*, Dr. *Wilson*, and Sir *H. Anderson*, were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 20*th June* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir T. Bazley.	Mr. Dickinson.
Mr. Birley.	Mr. Fowler.
Mr. Lyttelton.	Mr. Cross.
Mr. Candlish.	Mr. Denison.
Sir David Wedderburn.	Mr. M'Clure.
Mr. Fawcett.	Mr. Grant Duff.
Mr. Beach.	Mr. Eastwick.
Mr. Bourke.	Sir Wilfrid Lawson.
Mr. Cave.	Sir Charles Wingfield.

Sir *H. Anderson* was examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 23*rd June* 1871.

MEMBERS PRESENT:

Mr. GRANT DUFF in the Chair.

Mr. Beach.	Mr. Dalrymple.
Sir T. Bazley.	Mr. Candlish.
Mr. J. B. Smith.	Mr. Dickinson.
Sir David Wedderburn.	Mr. Cave.
Mr. Lyttelton.	Mr. Bourke.
Mr. Eastwick.	Mr. Crawford.
Sir Charles Wingfield.	Mr. M'Clure.

Sir *H. Anderson*, Mr. *Cassels*, and Mr. *Maitland*, were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 27*th June* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir S. Northcote.	Mr. Beach.
Mr. Birley.	Mr. Candlish.
Mr. J. B. Smith.	Mr. Cave.
Mr. Eastwick.	Mr. Cross.
Sir C. Wingfield.	Mr. Haviland-Burke.
Mr. Fawcett.	Mr. Lyttelton.
Sir T. Bazley.	Mr. Fowler.
Sir J. Elphinstone.	Mr. M'Clure.
Mr. Crawford.	Mr. Denison.
Mr. Grant Duff.	Sir Wilfrid Lawson.
Mr. Dalrymple.	Sir D. Wedderburn.

Major *Champain* and Mr. *Thornton* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 30*th June* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Eastwick.	Mr. Beach.
Sir T. Bazley.	Mr. Bourke.
Sir C. Wingfield.	Mr. Dalrymple.
Mr. Fawcett.	Mr. Cross.
Mr. Lyttelton.	Mr. Birley.
Mr. Denison.	Sir S. Northcote.
Mr. Grant Duff.	Mr. Cave.
Sir D. Wedderburn.	Mr. Candlish.
Mr. J. B. Smith.	

Kazi Shahabu Din, Khan Bahadur, was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 4*th July* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Mr. Crawford.
Sir T. Bazley.	Sir C. Wingfield.
Mr. Denison.	Mr Lyttelton.
Mr. Grant Duff.	Mr. Candlish.
Mr. Cave.	Sir James Elphinstone.
Mr. Fawcett.	Sir Wilfrid Lawson.
Mr. Dickinson.	Mr. Beach.
Mr. Fowler.	Mr. Cross.
Sir T. Wedderburn.	Mr. Dalrymple.
Sir S. Northcote.	Mr. M'Clure.
Mr. Haviland-Burke.	

Mr. *Seccombe* was examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 7th July 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir S. Northcote.	Mr Burke.
Mr. Eastwick.	Mr. Dalrymple.
Mr. J. B. Smith.	Mr. Cave.
Sir. T. Bazley.	Mr. Grant Duff.
Sir C. Wingfield.	Sir David Wedderburn.
Mr. Hermon.	Mr. Dickinson.
Mr. Lyttelton.	Mr. Candlish.
Mr. Beach.	Mr. M'Clure.
Mr. Fawcett.	Mr. Fowler.
Mr. Denison.	

Mr. *Geddes* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 11th July 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir Stafford Northcote.	Sir. D. Wedderburn.
Mr. Lyttelton.	Sir. T. Bazley.
Mr. Grant Duff.	Mr. Fawcett.
Mr. Eastwick.	Mr. Candlish.
Sir Charles Wingfield.	Mr. Cave.
Mr, Birley.	Mr. Crawford.
Mr. Beach.	Mr. M'Clure.

The Committee deliberated.

Motion made, and Question put, that Question and Answer, No. 9656, be struck out of the Evidence (Sir *Charles Wingfield*).—The Committee divided :—

Ayes, 9.	Noes, 2.
Sir S. Northcote.	Sir T. Bazley.
Mr. Lyttelton.	Mr. Candlish.
Mr. Eastwick.	
Mr. Grant Duff.	
Sir C. Wingfield.	
Sir David Wedderburn.	
Mr. Fawcett.	
Mr. Birley.	
Mr. Beach.	

Mr. *Geddes* was further examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 14th July 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir T. Bazley.	Sir David Wedderburn.
Mr. Grant Duff.	Mr. Eastwick.
Mr. Crawford.	Sir Stafford Northcote.
Sir C. Wingfield.	Mr. Denison.
Mr. Fawcett.	Mr. Birley.
Mr. Candlish.	Mr. M'Clure.
Sir J. Elphinstone.	

Mr. *Thornton* and Mr. *Seccombe* were severally examined.

[Adjourned till Tuesday next, at One o'clock

Tuesday, 18*th July* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir Wilfrid Lawson.	Mr. Bourke.
Sir C. Wingfield.	Mr. Lyttelton.
Mr. Fawcett.	Mr. J. B. Smith.
Mr. Dickinson.	Mr. Eastwick.
Mr. Beach.	Mr. Grant Duff.
Mr. Denison.	Sir David Wedderburn.
Mr. Cross.	Mr. M'Clure.
Sir J. Elphinstone.	Mr. Candlish.

DRAFT REPORT proposed by the Chairman, read the first time as follows:—

"1. Your Committee have examined numerous witnesses conversant with the various branches of the revenue of India, from whom information has been derived respecting the circumstances under which the revenue of India has grown up to its present amount of 50,901,081 *l.*; the conditions under which it is now collected, and the contingencies which may influence its amount in future.

"2. Your Committee find it impossible in the present Session to conclude this branch of their investigation, or to proceed with the inquiry respecting the nature of the expenditure and its relations to the revenue, and they therefore recommend that the Committee be re-appointed in the next Session to proceed with the inquiry.

"3. Your Committee have, however, been much impressed with the evidence which has been laid before them respecting the directions which were given by the Secretary of State for India in Council, in the year 1862, to extend the system of permanent settlement of the land revenue prevailing in some of the Bengal Provinces to other parts of India.

"4. They have not yet been able to receive the evidence of those by whom the directions were either recommended or issued. Whilst, therefore, they abstain from expressing any opinion on the question, they think it right that the attention of the Secretary of State for India in Council should be called to this evidence, in order that he may reconsider the subject, and, in the meantime, direct that no steps should be taken to give effect to the Despatch of his predecessor.

"5. Your Committee have found that the evidence presented to them is, in some respects, wanting in precision, in consequence of the accounts in India not having been prepared in such a manner as to show the results which should be known to enable a judgment to be formed on important questions affecting the finances. Your Committee therefore recommend that instructions should be given by the Government of India to some competent officer to ensure statements of account being prepared on a uniform basis, and in sufficient detail, by the officers of account for each of the subordinate Governments, with exact explanations of important changes of system, and of the causes of increase or decrease of amounts in each case, for the years 1869–70 and 1870–71, in order that these statements may be laid before the Committee at the beginning of the next Session.

"6. The questions which have been put to the witnesses already examined, and their replies, will sufficiently indicate the nature of the accounts required, and the Estimates laid upon the Table of the House for the Naval, Military, and Miscellaneous Civil Expenditure by Her Majesty's Government, will explain the extent to which information is afforded to the House of Commons respecting the public expenditure.

"7. Your Committee also desire that in all cases where the Indian Government has embarked in any special enterprise, such as telegraphy, transport, and banking, a balance sheet, for the past two years, at least, should be prepared, manifesting the sources of income and the expense, as charged under the various heads of the accounts of general expenditure; also, statements showing, for a suitable series of years, the amount of capital expended and the balance of profit or loss.

"8. Your Committee are further of opinion that it would facilitate their investigations if the officer by whom the preparation of the desired statements of accounts are supervised, should personally bring them before the Committee, to give whatever explanation may be required at the commencement of the next Session.

"9. It will be observed that the evidence already taken has been chiefly derived from official sources, but your Committee would be glad to receive the evidence of any inhabitant of India, whether of Indian or European extraction, who may desire to appear before them for the purpose of giving accurate and useful information, which, by its comprehensive intelligence

intelligence, may be likely to assist the Committee in their inquiries and future deliberations."

Motion made, and Question, That the Report be now read a second time, and considered paragraph by paragraph,—put, and *agreed to.*

Paragraphs 1—9, amended, and *agreed to.*

Amendment proposed, to add the following new paragraph to the proposed Report—(Mr. *Fawcett*).—

"Your Committee have reason to believe from the evidence given by the Controller General of the Finances at Calcutta, by the Financial Secretary to the Home Government, and other witnesses, that many items of receipt are put down to income which ought properly to be considered as capital, and to be devoted to the reduction of debt. In the year 1869-70, when there was a supposed surplus of 118,000 *l.*, items amounting in the aggregate to more than 1,200,000 *l.* were thus devoted to income, instead of being regarded as capital. The Controller General admitted, in reference to these facts, that instead of there being a surplus of 118,000 *l.*, there was a very considerable deficiency. Considering that the debt of India, without including the railway loans of 80,000,000 *l.*, upon which the Government has guaranteed 5 per cent., has increased by 70 per cent. within the last 12 years, it is especially important that in future no revenue should be devoted to ordinary income which can be properly regarded as representing capital. It is manifest that if such an appropriation is permitted as that which took place in the year 1869-70, no accurate idea of the true financial position of India can be formed either from the public accounts, or from the financial statements made to Parliament and to the Legislative Council of Calcutta. The Committee would recommend that, previous to the re-appointment of the Committee next Session, the revenue receipts should be examined during the last 12 years with the view of indicating those items devoted to income, which ought to have been appropriated to capital."

Question put, That the proposed paragraph be added to the Report.—The Committee divided:

Aye, 1.	Noes, 9.
Mr. Fawcett.	Mr. J. B. Smith.
	Mr. Candlish.
	Mr. Lyttelton.
	Mr. Eastwick.
	Mr. Bourke.
	Mr. Grant Duff.
	Sir C. Wingfield.
	Sir D. Wedderburn.
	Mr. M'Clure.

Question, That this Report, as amended, be the Report of the Committee to the House—put, and *agreed to.*

Ordered, To Report, together with the Minutes of Evidence and an Appendix.

REPORT

FROM THE

SELECT COMMITTEE

ON

EAST INDIA FINANCE

WITH THE

PROCEEDINGS OF THE COMMITTEE.

Ordered, by The House of Commons, *to be Printed*,
18 *July* 1871.

REPORT

FROM THE

SELECT COMMITTEE

ON

EAST INDIA FINANCE;

TOGETHER WITH THE

PROCEEDINGS OF THE COMMITTEE,

MINUTES OF EVIDENCE,

AND APPENDIX.

Ordered, by The House of Commons, *to be Printed*,
18 *July* 1871.

Thursday, 23*rd February* 1871.

Ordered, That a Select Committee be appointed to inquire into the Finance and Financial Administration of India.

Thursday, 9*th March* 1871.

Ordered, That the Committee do consist of Twenty-two members.

Committee nominated as follows:—

Mr. Ayrton.	Sir J. Elphinstone.
Mr. Cave.	Mr. Lyttelton.
Mr. Crawford.	Mr. Birley.
Mr. Baring.	Sir D. Wedderburn.
Mr. Fawcett.	Mr. Beach.
Mr. Beckett Denison.	Sir T. Bazley.
Sir C. Wingfield.	Mr. Hermon.
Mr. Eastwick.	Mr. M'Clure.
Mr. Dickinson.	Mr. Cross.
Mr. Bourke.	Mr. J. B. Smith.
Mr. Candlish.	Mr. Grant Duff.

Ordered, That the Committee have power to send for persons, papers, and records.

Ordered, That Seven be the quorum of the Committee.

Thursday, 30*th March* 1871.

Ordered, That the Committee do consist of Twenty-four Members.

Ordered, That Sir *Wilfrid Lawson* and Mr. *Fowler* be added to the Committee.

Friday, 28*th April* 1871.

Ordered, That the Committee do consist of Twenty-six Members.

Ordered, That Mr. *Haviland-Burke* and Mr. *Charles Dalrymple* be added to the Committee.

Wednesday, 3*rd May* 1871.

Ordered, That the Petition from Bombay, for revision of taxation and public expenditure, and for redress of grievances, be referred to the Committee.

Ordered, That the Petition of members of Bombay Association and other native inhabitants of Bombay Presidency, for inquiry, be referred to the Committee.

Wednesday, 7*th June* 1871.

Ordered, That the Committee do consist of Twenty-seven Members.

Ordered, That Sir *Stafford Northcote* be added to the Committee.

Tuesday, 18*th July* 1871

Ordered, That the several Accounts of the Government of India [presented 9th February and 11th May] be referred to the Committee.

Ordered, That the Committee have power to report their Observations, together with the Minutes of Evidence, to The House.

REPORT - - - - - - - - - - - - p. iii
PROCEEDINGS OF THE COMMITTEE - - - - - - p. v
MINUTES OF EVIDENCE - - - - - - - - - p. 1
APPENDIX - - - - - - - - - - - - - p. 506

REPORT.

THE SELECT COMMITTEE appointed "to enquire into the FINANCE and FINANCIAL ADMINISTRATION of INDIA;"——HAVE considered the matters to them referred, and have agreed to the following REPORT:—

1. YOUR Committee have thought it desirable to proceed with their enquiry in the order of the Receipt and Expenditure, as shown in the Accounts of the Government of India referred to the Committee, before entering into the consideration of the more general questions affecting the Finances of India: they have accordingly examined numerous witnesses conversant with the various branches of the revenue of India, from whom information has been derived respecting the circumstances under which the revenue of India has been raised to its gross amount of 50,901,081 *l.* shown in the Account for 1869-70; the conditions under which it is collected; and the contingencies which may influence its amount in future.

2. Your Committee find it impossible in the present Session to conclude this branch of their investigation, or to proceed with the enquiry respecting the nature of the expenditure and its relations to the revenue, and they therefore recommend that the Committee be re-appointed at the commencement of the next Session to proceed with the enquiry.

3. Your Committee have, however, been much impressed with the evidence which has been laid before them respecting the directions which were given by the Secretary of State for India in Council, in the year 1862, to extend the system of permanent settlement of the land revenue prevailing in some of the Bengal provinces to other parts of India.

4. They have not yet been able to receive the evidence of those by whom the directions were either recommended or issued. Whilst, therefore, they abstain from expressing any opinion on the question, they think it right that the attention of the Secretary of State for India in Council should be called to this evidence, in order that he may reconsider the subject, and, in the meantime, determine whether steps should not be taken to suspend any further proceedings to carry out the Despatch of his predecessor.

5. Your Committee have found that the evidence presented to them is, in some respects, wanting in precision, in consequence of the accounts in India not having been prepared in such a manner as to show the results which should be known to enable a judgment to be formed on important questions affecting the finances. Your Committee therefore recommend that instructions should be given by the Government of India to some competent officer to ensure statements of account being prepared on a uniform basis, and in sufficient detail, by the officers of account for each of the subordinate governments, with exact explanations of important changes of system, and of the causes of increase or decrease of amounts in each case, for the year 1856-57, and the years 1869-70 and 1870-71, in order that these statements may be laid before the Committee at the beginning of the next Session.

6. The questions which have been put to the witnesses already examined, and their replies, will sufficiently indicate the nature of the accounts required, and the Estimates laid upon the table of the House for the Naval, Military, and Miscellaneous Civil Expenditure both for the Effective and Non-effective

Services by Her Majesty's Government, will explain the extent to which information is afforded to the House of Commons respecting the public expenditure.

7. Your Committee also desire that in all cases where the Indian Government has embarked in any special enterprise, such as harbours, railways, irrigation, and other public works, telegraphy, transport, and banking, a balance sheet for the past two years, at least, should be prepared, manifesting the sources of income and the expense as charged under the various heads of the accounts of general expenditure; also statements showing, for a suitable series of years, the amount of capital expended and the balance of profit or loss.

8. Your Committee are further of opinion that it would facilitate their investigations if the officer by whom the preparation of the desired statements of accounts is supervised, should personally bring them before the Committee, to give whatever explanation may be required.

9. It will be observed that the evidence already taken has been chiefly derived from official sources, but your Committee would be glad to receive the evidence of any inhabitant of India, whether of Indian or European extraction, who may desire to appear before them for the purpose of giving accurate and useful information, which, by its comprehensive intelligence, may be likely to assist the Committee in their enquiries and future deliberations.

18 *July* 1871.

PROCEEDINGS OF THE COMMITTEE.

Thursday, 16*th March* 1871.

MEMBERS PRESENT:

Mr. Grant Duff.	Mr. M'Clure.
Mr. Hermon.	Mr. Lyttelton.
Mr. Fawcett.	Mr. Candlish.
Mr. Birley.	Mr. Cross.
Sir C. Wingfield.	Mr. Ayrton.
Mr. Dickinson.	Sir D. Wedderburn.
Mr. Denison.	Mr. Crawford.
Sir J. Elphinstone.	Mr. Beach.
Mr. Eastwick.	Mr. Cave.
Sir Thomas Bazley.	Mr. Bourke.
Mr. Baring.	

Mr. *Ayrton* was called to the Chair.

[Adjourned till Friday, 24th March, at Twelve o'clock.

Friday, 24*th March* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Hermon.	Mr. Crawford.
Mr. J. B. Smith.	Mr. Baring.
Sir T. Bazley.	Mr. Birley.
Mr. Lyttelton.	Mr. Beach.
Mr. Eastwick.	Mr. Fawcett.
Mr. Denison.	Mr. M'Clure.
Mr. Grant Duff.	Sir D. Wedderburn.
Mr. Cave.	Sir J. Elphinstone.
Sir C. Wingfield.	Mr. Candlish.

Sir *Bartle Frere* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 28*th March* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. M'Clure.	Mr. Birley.
Mr. J. B. Smith.	Mr. Beach.
Sir T. Bazley.	Sir J. Elphinstone.
Mr. Lyttelton.	Mr. Cross.
Mr. Eastwick.	Mr. Hermon.
Mr. Denison.	Mr. Bourke.
Mr. Grant Duff.	Sir C. Wingfield.
Mr. Cave.	Mr. Fawcett.
Mr. Dickinson.	Sir D. Wedderburn.

Sir *Bartle Frere* and Mr. *Mangles* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 31*st March* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Sir T. Bazley.
Mr. Eastwick.	Mr. Beach.
Mr. Grant Duff.	Sir David Wedderburn.
Mr. Cave.	Mr. Hermon.
Mr. Dickinson.	Mr. Cross.
Mr. Birley.	Mr. Lyttelton.
Mr. M'Clure.	Mr. Fawcett.
Sir C. Wingfield.	Mr. Fowler.

Sir *Robert Montgomery* and Mr. *R. A. Dalyell* were severally examined.

[Adjourned till Tuesday, 18th April, at Twelve o'clock.

Tuesday, 18*th April* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Fawcett.	Mr. Grant Duff.
Mr. J. B. Smith.	Sir J. Elphinstone.
Mr. Denison.	Sir Charles Wingfield.
Mr. Lyttelton.	Mr. Beach.
Sir D. Wedderburn.	Mr. Dickinson.
Mr. Bourke.	Mr. Eastwick.
Mr. Birley.	Mr. Cave.

Mr. *J. H. Morris* and Sir *A. Phayre* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 21*st April* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Fawcett.	Sir T. Bazley.
Mr. J. B. Smith.	Mr. Bourke.
Mr. Lyttelton.	Sir D. Wedderburn.
Mr. Grant Duff.	Sir. J. Elphinstone.
Mr. Cave.	Mr. Denison.
Sir Charles Wingfield.	Mr. Hermon.
Mr. Beach.	Mr. Dickinson.

Sir *R. Montgomery* and Sir *Charles Wingfield* (a Member of the Committee) were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 25*th April* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir. T. Bazley.	Mr. Grant Duff.
Mr. Dickinson.	Mr. Bourke.
Mr. J. B. Smith.	Mr. Hermon.
Mr. Lyttelton.	Sir J. Elphinstone.
Sir David Wedderburn.	Mr. M'Clure.
Sir. Charles Wingfield.	Mr. Candlish.
Mr. Beach.	Mr. Cross.
Mr. Fawcett.	

Sir *Charles Wingfield* (a Member of the House), Mr. *Phillimore*, and Dr. *Cleghorn*, were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 28*th April* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Mr. Denison.
Mr. Grant Duff.	Mr. Dickinson.
Sir James Elphinstone.	Mr. Fawcett.
Mr. Candlish.	Sir D. Wedderburn.
Mr. Lyttelton.	Mr. Bourke.
Mr. Beach.	Mr. M'Clure.
Sir Charles Wingfield.	Mr. Eastwick.
Mr. Cave.	

Dr. *Cleghorn* and Mr. *Seccombe* were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 2*nd May* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir C. Wingfield.	Mr. Lyttelton.
Mr. Birley.	Mr. Cave.
Mr. Duff.	Sir W. Lawson.
Sir T. Bazley.	Mr. Fowler.
Mr. Dickinson.	Mr. Baring.
Mr. Bourke.	Mr. Denison.
Mr. Fawcett.	Sir D. Wedderburn.
Mr. Beach.	Mr. Hermon.
Mr. J. B. Smith.	Mr. Eastwick.
Sir J. Elphinstone.	Mr. M'Clure.

Sir *Cecil Beadon* was examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 5th May 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Fawcett.	Mr. Baring.
Sir Wilfrid Lawson.	Mr. Grant Duff.
Sir Charles Wingfield.	Mr. Birley.
Mr. J. B. Smith.	Mr. Beach.
Sir T. Bazley.	Sir David Wedderburn.
Mr. Eastwick.	Mr. Denison.
Mr. Fowler.	Mr. Bourke.
Sir James Elphinstone.	Mr. M'Clure.
Mr. Lyttelton.	Mr. Candlish.

Sir *Cecil Beadon* and Sir *F. Halliday* were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 9th May 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Sir C. Wingfield.
Mr. Thomas Bazley.	Mr. Baring.
Mr. Lyttelton.	Sir Wilfrid Lawson
Mr. Grant Duff.	Mr. Eastwick.
Mr. Birley.	Mr. M'Clure.
Mr. Fawcett.	Mr. Candlish.
Sir David Wedderburn.	Mr. Fowler.
Mr. Beach.	Mr. Cave.
Mr. Bourke.	Mr. Denison.
Mr. Dickinson.	Mr. Cross.

Sir *T. Pycroft*, Sir *Cecil Beadon*, and Mr. *Pedder*, were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 12th May 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Dalrymple.	Mr. Beach.
Mr. Fawcett.	Mr. Dickinson.
Mr. J. B. Smith.	Mr. Grant Duff.
Mr. Lyttelton.	Sir James Elphinstone.
Mr. Eastwick.	Mr. Cross.
Sir D. Wedderburn.	Mr. Denison.
Sir Wilfrid Lawson.	Mr. Cave.
Mr. M'Clure.	Mr. Fowler.
Mr. Bourke.	

Mr. *W. G. Pedder*, Mr. *C. W. Bell*, and Sir *D. F. M'Leod*, were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock

Tuesday, 16*th May* 1871.

MEMBERS PRESENT:

Mr. GRANT DUFF in the Chair.

Mr. J. B. Smith.	Mr. Cross.
Mr. Fawcett.	Mr. Dickinson.
Sir Wilfrid Lawson.	Mr. Denison.
Mr. Beach.	Mr. Grant Duff.
Mr. Fowler.	Sir Charles Wingfield.
Mr. Eastwick.	Mr. M'Clure.
Sir David Wedderburn.	Mr. Cave.
Mr. Birley.	Mr. Crawford.
Mr. Lyttelton.	Mr. Hermon.
Sir J. Elphinstone.	

The Committee deliberated as to the course of evidence and the witnesses to be examined.

Mr. *Wigram Money* and Sir *R. Hamilton* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 19*th May* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir T. Bazley.	Mr. Grant Duff.
Mr. Birley.	Sir J. Elphinstone.
Mr. Fowler.	Mr. J. B. Smith.
Sir Wilfrid Lawson.	Mr. Denison.
Sir David Wedderburn.	Mr. Bourke.
Mr. Eastwick.	Mr. M'Clure.
Mr. Lyttelton.	Mr. Crawford.
Mr. Hermon.	Mr. Cave.
Mr. Beach.	Mr. Fawcett.
Sir Charles Wingfield.	

Dr. *George Smith* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 23*rd May* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Mr. Cave.
Mr. Beach.	Mr. Denison.
Mr. Lyttelton.	Mr. Grant Duff.
Sir T. Bazley.	Mr. Eastwick.
Sir Wilfrid Lawson.	Mr. M'Clure.
Mr. Bourke.	Mr. Fowler.
Mr. Crawford.	Mr. Dickinson.
Mr. Birley.	Mr. Cross.
Mr. Hermon.	

Mr. *Cooper*, Sir *Bartle Frere*, and Sir *Rutherford Alcock*, were severally examined.

[Adjourned till Tuesday, 6th June, at Twelve o'clock.

Tuesday, 6th June 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Sir Wilfrid Lawson.
Mr. Cross.	Mr. Fowler.
Mr. Dickinson.	Mr. Candlish.
Mr. Haviland-Burke.	Mr. Grant Duff.
Mr. Lyttelton.	Sir T. Bazley.
Sir J. Elphinstone.	Sir David Wedderburn.
Sir C. Wingfield.	Mr. Hermon.
Mr. Beach.	Mr. Candlish.
Mr. Birley.	Mr. Cave.
Mr. Bourke.	Mr. Crawford.

Sir *R. Alcock*, Mr. *Winchester*, and Mr. *Bullen* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 9th June 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir Stafford Northcote.	Sir David Wedderburn.
Mr. Candlish.	Mr. Crawford.
Mr. Lyttelton.	Mr. Grant Duff.
Mr. J. B. Smith.	Mr. Beach.
Mr. Dalrymple.	Mr. Birley.
Sir C. Wingfield.	Sir Wilfrid Lawson.
Sir J. Elphinstone.	Mr. Haviland-Burke.
Sir Thomas Bazley.	Mr. Cave.
Mr. Fawcett.	Mr. Fowler.
Mr. Eastwick.	

Mr. *Harrison* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 13th June 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir Wilfrid Lawson.	Sir James Elphinstone.
Sir David Wedderburn.	Mr. Beach.
Sir Stafford Northcote.	Mr. M'Clure.
Sir T. Bazley.	Mr. Bourke.
Mr. J. B. Smith.	Mr. Grant Duff.
Mr. Lyttelton.	Mr. Birley.
Mr. Dalrymple.	Mr. Hermon.
Sir C. Wingfield.	Mr. Crawford.
Mr. Eastwick.	Mr. Haviland-Burke.
Mr. Candlish.	Mr. Cave.

Mr. *Harrison* and Colonel *Chesney* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 16th June 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Haviland-Burke.	Mr. Fawcett.
Mr. J. B. Smith.	Mr. Dalrymple.
Sir T. Bazley.	Mr. Bourke.
Mr. Lyttelton.	Mr. Grant Duff.
Sir C. Wingfield.	Mr. Cave.
Sir David Wedderburn.	Mr. Cross.
Sir Wilfrid Lawson.	Mr. Candlish
Mr. Birley.	Mr. Eastwick.
Mr. Beach.	Mr. M'Clure.

Mr. *Stuart Reid,* Dr. *Wilson,* and Sir *H. Anderson,* were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 20th June 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir T. Bazley.	Mr. Dickinson.
Mr. Birley.	Mr. Fowler.
Mr. Lyttelton.	Mr. Cross.
Mr. Candlish.	Mr. Denison.
Sir David Wedderburn.	Mr. M'Clure.
Mr. Fawcett.	Mr. Grant Duff.
Mr. Beach.	Mr. Eastwick.
Mr. Bourke.	Sir Wilfrid Lawson.
Mr. Cave.	Sir Charles Wingfield.

Sir *H. Anderson* was examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 23rd June 1871.

MEMBERS PRESENT:

Mr. GRANT DUFF in the Chair.

Mr. Beach.	Mr. Dalrymple.
Sir T. Bazley.	Mr. Candlish.
Mr. J. B. Smith.	Mr. Dickinson.
Sir David Wedderburn.	Mr. Cave.
Mr. Lyttelton.	Mr. Bourke.
Mr. Eastwick.	Mr. Crawford.
Sir Charles Wingfield.	Mr. M'Clure.

Sir *H. Anderson,* Mr. *Cassels,* and Mr. *Maitland,* were severally examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 27*th June* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir S. Northcote.	Mr. Beach.
Mr. Birley.	Mr. Candlish.
Mr. J. B. Smith.	Mr. Cave.
Mr. Eastwick.	Mr. Cross.
Sir C. Wingfield.	Mr. Haviland-Burke.
Mr. Fawcett.	Mr. Lyttelton.
Sir T. Bazley.	Mr. Fowler.
Sir J. Elphinstone.	Mr. M'Clure.
Mr. Crawford.	Mr. Denison.
Mr. Grant Duff.	Sir Wilfrid Lawson.
Mr. Dalrymple.	Sir D. Wedderburn.

Major *Champain* and Mr. *Thornton* were severally examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 30*th June* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. Eastwick.	Mr. Beach.
Sir T. Bazley.	Mr. Bourke.
Sir C. Wingfield.	Mr. Dalrymple.
Mr. Fawcett.	Mr. Cross.
Mr. Lyttelton.	Mr. Birley.
Mr. Denison.	Sir S. Northcote.
Mr. Grant Duff.	Mr. Cave.
Sir D. Wedderburn.	Mr. Candlish.
Mr. J. B. Smith.	

Kazi Shahabu Din, Khan Bahadur, was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 4*th July* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Mr. J. B. Smith.	Mr. Crawford.
Sir. T. Bazley.	Sir C. Wingfield.
Mr. Denison.	Mr Lyttelton.
Mr. Grant Duff.	Mr. Candlish.
Mr. Cave.	Sir James Elphinstone.
Mr. Fawcett.	Sir Wilfrid Lawson.
Mr. Dickinson.	Mr. Beach.
Mr. Fowler.	Mr. Cross.
Sir T. Wedderburn.	Mr. Dalrymple.
Sir S. Northcote.	Mr. M'Clure.
Mr. Haviland-Burke.	

Mr. *Secombe* was examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 7th July 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir S. Northcote.	Mr Burke.
Mr. Eastwick.	Mr. Dalrymple.
Mr. J. B. Smith.	Mr. Cave.
Sir. T. Bazley.	Mr. Grant Duff.
Sir C. Wingfield.	Sir David Wedderburn.
Mr. Hermon.	Mr. Dickinson.
Mr. Lyttelton.	Mr. Candlish.
Mr. Beach.	Mr. M'Clure.
Mr. Fawcett.	Mr. Fowler.
Mr. Denison.	

Mr. *Geddes* was examined.

[Adjourned till Tuesday next, at Twelve o'clock.

Tuesday, 11th July 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir S. Northcote.	Sir. D. Wedderburn.
Mr. Lyttelton.	Sir. T. Bazley.
Mr. Grant Duff.	Mr. Fawcett.
Mr. Eastwick.	Mr. Candlish.
Sir Charles Wingfield.	Mr. Cave.
Mr. Birley.	Mr. Crawford.
Mr. Beach.	Mr. M'Clure.

The Committee deliberated.

Motion made, and Question put, that Question and Answer, No. 9656, be struck out of the Evidence (Sir *Charles Wingfield*).—The Committee divided :—

Ayes, 9.	Noes, 2.
Sir S. Northcote.	Sir T. Bazley.
Mr. Lyttelton.	Mr. Candlish.
Mr. Eastwick.	
Mr. Grant Duff.	
Sir C. Wingfield.	
Sir David Wedderburn.	
Mr. Fawcett.	
Mr. Birley.	
Mr. Beach.	

Mr. *Geddes* was further examined.

[Adjourned till Friday next, at Twelve o'clock.

Friday, 14th July 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir T. Bazley.	Sir David Wedderburn.
Mr. Grant Duff.	Mr. Eastwick.
Mr. Crawford.	Sir S. Northcote.
Sir C. Wingfield.	Mr. Denison.
Mr. Fawcett.	Mr. Birley.
Mr. Candlish.	Mr. M'Clure.
Sir J. Elphinstone.	

Mr. *Thornton* and Mr. *Seccombe* were severally examined.

[Adjourned till Tuesday next, at One o'clock.

Tuesday, 18*th July* 1871.

MEMBERS PRESENT:

Mr. AYRTON in the Chair.

Sir Wilfrid Lawson.	Mr. Bourke.
Sir C. Wingfield.	Mr. Lyttelton.
Mr. Fawcett.	Mr. J. B. Smith.
Mr. Dickinson.	Mr. Eastwick.
Mr. Beach.	Mr. Grant Duff.
Mr. Denison.	Sir David Wedderburn.
Mr. Cross.	Mr. M'Clure.
Sir J. Elphinstone.	Mr. Candlish.

DRAFT REPORT proposed by the Chairman, read the first time as follows:—

"1. Your Committee have examined numerous witnesses conversant with the various branches of the revenue of India, from whom information has been derived respecting the circumstances under which the revenue of India has grown up to its present amount of 50,901,081 *l.*; the conditions under which it is now collected, and the contingencies which may influence its amount in future.

"2. Your Committee find it impossible in the present Session to conclude this branch of their investigation, or to proceed with the inquiry respecting the nature of the expenditure and its relations to the revenue, and they therefore recommend that the Committee be re-appointed in the next Session to proceed with the inquiry.

"3. Your Committee have, however, been much impressed with the evidence which has been laid before them respecting the directions which were given by the Secretary of State for India in Council, in the year 1862, to extend the system of permanent settlement of the land revenue prevailing in some of the Bengal Provinces to other parts of India.

"4. They have not yet been able to receive the evidence of those by whom the directions were either recommended or issued. Whilst, therefore, they abstain from expressing any opinion on the question, they think it right that the attention of the Secretary of State for India in Council should be called to this evidence, in order that he may reconsider the subject, and, in the meantime, direct that no steps should be taken to give effect to the Despatch of his predecessor.

"5. Your Committee have found that the evidence presented to them is, in some respects, wanting in precision, in consequence of the accounts in India not having been prepared in such a manner as to show the results which should be known to enable a judgment to be formed on important questions affecting the finances. Your Committee therefore recommend that instructions should be given by the Government of India to some competent officer to ensure statements of account being prepared on a uniform basis, and in sufficient detail, by the officers of account for each of the subordinate Governments, with exact explanations of important changes of system, and of the causes of increase or decrease of amounts in each case, for the years 1869-70 and 1870-71, in order that these statements may be laid before the Committee at the beginning of the next Session.

"6. The questions which have been put to the witnesses already examined, and their replies, will sufficiently indicate the nature of the accounts required, and the Estimates laid upon the Table of the House for the Naval, Military, and Miscellaneous Civil Expenditure by Her Majesty's Government, will explain the extent to which information is afforded to the House of Commons respecting the public expenditure.

"7. Your Committee also desire that in all cases where the Indian Government has embarked in any special enterprise, such as telegraphy, transport, and banking, a balance sheet, for the past two years, at least, should be prepared, manifesting the sources of income and the expense, as charged under the various heads of the accounts of general expenditure; also, statements showing, for a suitable series of years, the amount of capital expended and the balance of profit or loss.

"8. Your Committee are further of opinion that it would facilitate their investigations if the officer by whom the preparation of the desired statements of accounts are supervised, should personally bring them before the Committee, to give whatever explanation may be required at the commencement of the next Session.

"9. It will be observed that the evidence already taken has been chiefly derived from official sources, but your Committee would be glad to receive the evidence of any inhabitant of India, whether of Indian or European extraction, who may desire to appear before them for the purpose of giving accurate and useful information, which, by its comprehensive intelligence, may be likely to assist the Committee in their inquiries and future deliberations."

Motion

Motion made, and Question, That the Report be now read a second time, and considered paragraph by paragraph,—put, and *agreed to.*

Paragraphs 1—9, amended, and *agreed to.*

Amendment proposed, to add the following new paragraph to the proposed Report—(Mr. *Fawcett*).—

"Your Committee have reason to believe from the evidence given by the Controller General of the Finances at Calcutta, by the Financial Secretary to the Home Government, and other witnesses, that many items of receipt are put down to income which ought properly to be considered as capital, and to be devoted to the reduction of debt. In the year 1869-70, when there was a supposed surplus of 118,000 *l.*, items amounting in the aggregate to more than 1,200,000 *l.* were thus devoted to income, instead of being regarded as capital. The Controller General admitted, in reference to these facts, that instead of there being a surplus of 118,000 *l.*, there was a very considerable deficiency. Considering that the debt of India, without including the railway loans of 80,000,000 *l.*, upon which the Government has guaranteed 5 per cent., has increased by 70 per cent. within the last 12 years, it is especially important that in future no revenue should be devoted to ordinary income which can be properly regarded as representing capital. It is manifest that if such an appropriation is permitted as that which took place in the year 1869-70, no accurate idea of the true financial position of India can be formed either from the public accounts, or from the financial statements made to Parliament and to the Legislative Council of Calcutta. The Committee would recommend that, previous to the re-appointment of the Committee next Session, the revenue receipts should be examined during the last 12 years with the view of indicating those items devoted to income, which ought to have been appropriated to capital."

Question put, That the proposed paragraph be added to the Report.—The Committee divided:

Aye, 1.	Noes, 9.
Mr. Fawcett.	Mr. J. B. Smith. Mr. Candlish. Mr. Lyttelton. Mr. Eastwick. Mr. Bourke. Mr. Grant Duff. Sir C. Wingfield. Sir D. Wedderburn. Mr. M'Clure.

Question, That this Report, as amended, be the Report of the Committee to the House—put, and *agreed to.*

Ordered, To Report, together with the Minutes of Evidence and an Appendix.

EXPENSES OF WITNESSES.

NAME of WITNESS.	PROFESSION or CONDITION.	From whence Summoned.	Number of Days Absent from Home under Orders of Committee.	Expenses of Journey to London and back.	Allowance during absence from Home.	TOTAL Expenses allowed to Witness.
				£. s. d.	£. s. d.	£. s. d.
Morris, J. H.	East Indian Judge	Auchtermuchty	1	8 – –	1 1 –	9 1 –
Pedder, W. G.	Indian Civil Service	Clevedon, Somerset.	5	3 2 6	5 5 –	8 7 6
Cleghorn, H.	Doctor of Medicine	Stravithy, St. Andrews, Scotland.	6	6 9 –	6 6 –	12 15 –
				TOTAL	£.	30 3 6

LIST OF WITNESSES.

PAGE

Friday, 24*th March* 1871.

Sir Henry Bartle Edward Frere, K.C.B., G.C.S.I. - - - - - 1

Tuesday, 28*th March* 1871.

Sir Henry Bartle Edward Frere, K.C.B., G.C.S.I. - - - - 20
Mr. Ross Donnelly Mangles - - 30

Friday, 31*st March* 1871.

Sir Robert Montgomery, K.C.B., G.C.S.I. - - - - - 41
Sir Robert Anstruther Dalyell - 55

Tuesday, 18*th April* 1871.

Mr. John Henry Morris - - - - 62
Colonel Sir Arthur P. Phayre, K.C.S.I. 78

Friday, 21*st April* 1871.

Sir Robert Montgomery, K.C.B., G.C.S.I. - - - - - 82
Sir Charles John Wingfield, K.C.S.I., C.B., M.P. - - - - - 96

Tuesday, 25*th April* 1871.

Sir Charles John Wingfield, K.C.S.I., C.B., M.P. - - - - - 102
Mr. Charles Bagot Phillimore - - 110
Mr. Hugh Cleghorn, M.D. - - 118

Friday, 28*th April* 1871.

Mr. Hugh Cleghorn, M.D. - - 124
Mr. Thomas Lawrence Seccombe, C.B. 136

Tuesday, 2*nd May* 1871.

Sir Cecil Beadon, K.C.S.I. - - 142

Friday, 5*th May* 1871.

Sir Cecil Beadon, K.C.S.I. - - 161
Sir Frederick James Halliday, K.C.B. 172

Tuesday, 9*th May* 1871.

Sir Thomas Pycroft, K.C.S.I. - - 179
Sir Cecil Beadon, K.C.S.I. - - 190
Mr. William George Pedder - - 196

Friday, 12*th May* 1871.

Mr. William George Pedder - - 201
Mr. Claudius William Bell - - 203
Sir Donald Friell M'Leod, K.C.S.I., C.B. 209

Tuesday, 16*th May* 1871.

Mr. Wigram Money - - - 219
Sir Robert North Collie Hamilton, Bart., K.C.B. - - - - - 226

PAGE

Friday, 19*th May* 1871.

Mr. George Smith, LL.D. - - 232

Tuesday, 23*rd May* 1871.

Mr. Thornville Thomas Cooper - 252
Sir Henry Bartle Edward Frere, K.C.B., G.C.S.I. - - - - 260
Sir Rutherford Alcock, K.C.B. - 266

Tuesday, 6*th June* 1871.

Sir Rutherford Alcock, K.C.B. - - 272
Mr. Charles Alexander Winchester - 284
Mr. John Nutt Bullen - - - 289

Friday, 9*th June* 1871.

Mr. Edward Francis Harrison - 294

Tuesday, 13*th June* 1871.

Mr. Edward Francis Harrison - - 312
Lieutenant Colonel George Chesney, R.E. - - - - - - 321

Friday, 16*th June* 1871.

Mr. Henry Stewart Reid - - 330
Rev. John Wilson, D.D. - - - 339
Sir Henry Lacon Anderson, K.C.S.I. 347

Tuesday, 20*th June* 1871.

Sir Henry Lacon Anderson, K.C.S.I. 351

Friday, 23*rd June* 1871.

Sir Henry Lacon Anderson, K.C.S.I. 371
Mr. Walter R. Cassels - - - 371
Mr. William Maitland - - 381

Tuesday, 27*th June* 1871.

Major Bateman Champain, R.E. - 391
Mr. William Thomas Thornton - 402

Friday, 30*th June* 1871.

Kazi Shabuddin - - - - 413

Tuesday, 4*th July* 1871.

Mr. Thomas Lawrence Seccombe, C.B. 432

Friday, 7*th July* 1871.

Mr. James Geddes - - - - 447

Tuesday, 11*th July* 1871.

Mr. James Geddes - - - - 466

Friday, 14*th July* 1871.

Mr. William Thomas Thornton - 486
Mr. Thomas Lawrence Seccombe, C.B. - 503

MINUTES OF EVIDENCE

Friday, 24th March 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Grant Duff.
Mr. Baring.	Mr. Eastwick.
Sir Thomas Bazley.	Sir James Elphinstone.
Mr. Beach.	Mr. Fawcett.
Mr. Birley.	Mr. Hermon.
Mr. Bourke.	Mr. Lyttelton.
Mr. Candlish.	Mr. M'Clure.
Mr. Cave.	Mr. J. B. Smith.
Mr. Crawford.	Sir David Wedderburn.
Mr. Beckett Denison.	Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

SIR HENRY BARTLE EDWARD FRERE, K.C.B., G.C.S.I., called in; and Examined.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

1. *Chairman.*] WILL you state what offices you held in India?—In 1834 I was employed as Assistant Principal Collector of Poonah. I was then Assistant to the sole Revenue Commissioner, then Private Secretary to Sir George Arthur, then Governor of Bombay; then after a short absence in England, I was appointed Assistant Commissioner of Customs, Salt, and Opium Revenue in Bombay, then Resident at Satara; on the annexation of that State I was appointed Commissioner for its management, then Commissioner in Scinde, then a member of the Governor General's Council, and for a short time President in Council during the Governor General's absence, and then Governor of Bombay.

2. Will you be good enough first to state to the Committee what is the whole land revenue of India?—It is about 21 millions.

3. That is the gross receipt?—Yes.

4. And what proportion of that gross revenue is the land revenue of the Presidency of Bombay?—About three and a-half millions.

5. I presume you are chiefly conversant with the circumstances affecting the land revenue of Bombay?—Of Western India.

6. Do you consider that the chief source in India from which the Government must derive its revenue?—It forms generally about two-fifths of the whole revenue.

7. Will you explain what the system is, or rather the variety of system, under which the land revenue is levied and collected in Western India?—They are so very various, that it is almost impossible to give a general description of them without entering into a very tedious amount of detail; but they very much depend upon general laws which, when they are once understood, will generally give a very good idea of how the systems differ from each other.

8. Does that variety of system result in a very varying proportion between the land revenue and the gross returns from the land in each district?—Yes; the proportion varies from a very light quit rent to a very severe rack rent.

9. Will you explain how these varieties of land revenue arise?—Some of them are due to geographical and physical causes, such as the differences in soil and climate; others are due to what might be called ethnological causes, such as differences of race and differences of habit which result from differences of race; and all these are modified by political causes, by the action of Government good or bad during a considerable number of years.

10. Will you explain, somewhat in detail, the differences applicable to the different districts, so that we may appreciate them?—Perhaps the most systematic would be found in the Deccan provinces attached to Bombay. They generally consist of an elevated table land with valleys more or less fertile, but the uplands are mostly very poor soil. They are mostly inhabited by the Mahrattas or by men who have been more or less acted upon by the Mahrattas, and consider themselves Mahrattas in race; and their peculiarities are further modified by the settlements of the revenue which have been effected at different times of their history by the early Hindoo Rajahs, by the Mahomedans, and by the later Mahratta rulers.

11. Will you be good enough to give the districts you embrace within the definition of the Deccan?

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

Deccan?—I should begin with Kandeish, which is lower than the rest of the country and rather different from it, but which is included in the general name of the Deccan; then Ahmednuggur, Nassick, Poonah, Sholapoor, and Sattara. Throughout all this territory you find generally some remains of the early Hindoo revenue systems; but the most prominent features which have existed to the present day are those of some of the early Mahomedan settlements, and they have been very much modified by the different systems which prevailed under the Mahrattas during the last century and a-half of their rule.

12. Immediately preceding the British occupation?—Yes. There is no record of the original division of this country into villages, which may be compared to English parishes, and which form the unit of settlement in most parts of the country; but throughout the whole country which is occupied by the Mahrattas one principal feature has always been the tendency to deal with the land in small portions, as fields, or some portion which is smaller than the village or the parish, as I may call it.

13. Has their tenure been regulated by the particular custom of the individuals owning them?—It is a habit of the country, of which it is very difficult to trace the origin; but the people throughout the Mahratta country have an inveterate dislike to be doubled up each with his neighbour. In that respect they are a remarkable contrast to the population in other parts of the country, who rather affect being dealt with in large communities as brotherhoods.

14. Does that lead to the assessment of each plot of land, however indicated, separately for the land revenue?—Yes.

15. And what is the machinery for making that settlement of the land revenue?—The most important part of the machinery consists of village officials. In a perfect village, according to theory, there would be twelve of them, including artisans; but those who are of importance to the revenue are the head man, who is called a Patell, the notary public or Koolkurnee as he is called, and the Mhar, who appears to be the descendant of one of the races who affect to be, and assert themselves to be, Autochthones, and he knows all about the boundaries of fields and estates, and is a very important personage in the village community, though he is a helot and is not allowed to live in the village, but is kept in a little hamlet outside.

16. That is to say they were the inhabitants before the Brahminical or Hindoo invasion of the country?—Yes.

17. Will you explain in what respect this primary organisation differs in other districts of Western India from that which you have described?—In most districts with which I am acquainted there is some trace of a similar organisation having existed in former days, but certainly in many it has been obliterated, sometimes by over-assessment, sometimes by over-centralisation, and sometimes by war and famine. I now proceed to mention how these people collect the revenue. At the commencement of the official year each cultivator is informed of the amount due by him as the assessment of the land he holds, and this he is summoned to pay by fixed instalments, at the bidding of the mhar who acts as village messenger and servant of the head man; he is bound to pay it to the head man and the notary public, and they are bound to give him a receipt for it, and to enter what he pays in the accounts. The sum so paid is then handed on to the district treasury. The district generally comprises from 20 or 30 to 100 or more villages; and from that treasury it reaches the collector's treasury, and is brought on the general accounts of the Government there.

18. Are there superintending officers of the revenue of a higher grade coincident with these collections?—Yes; up to the district establishment they are generally native officials. Each collectorate is presided over by one European collector, who has generally one or two European assistants.

19. Will you explain in what respect the system differs in the Concan, which I understand to be the district between the Deccan and the sea?—It is a low-lying district, moist, and with a very heavy rainfall, and a good deal of rice is generally cultivated. Wherever the water can be got to remain for any time upon the surface, all the flat portions are cultivated with rice. The revenue system there is generally very much like that in the Deccan, with such exceptions as are occasioned by the difference in seasons; the difference between a dry crop, dependent upon showers of rain at distant intervals, and what is contingent upon a rice crop, which requires very heavy rain for some months continuously. But a portion of the Concan, the southern portion, was farmed out by some of the later Mahratta sovereigns to farmers, chiefly Brahmins, who were supposed to belong particularly to that part of the country; and to have particular claims from considerations of religious sanctity, and they are generally known as the Kotes.

20. The Government deals with them, then, for the purposes of assessment and collection?—As middlemen for purposes of collection, and they cause a considerable modification in the system which I have just been describing.

21. With regard to Bombay and Salsette Island, are there any special circumstances?—They were for a long time in the possession of the Portuguese, and have been longer than any part of India in the possession of the English; and there you find very considerable traces of old Portuguese tenure, and still more of modern English tenure.

22. In the Southern Mahratta country, and Canara, the district between that and the sea, is there any difference?—The Southern Mahratta country resembles the Deccan geographically, but it is not considered to belong to the Deccan, because it is south of the Krishna, which is the limit of the Deccan, and it is inhabited principally by Canarese, who are one of the southern races of India and very different in their physical and intellectual habits from the Mahrattas. They are very industrious, skilful cultivators, and are altogether a very fine race. Their system has been also modified by a great portion of the country having fallen under the dominion of Tippoo, the Sultan of Mysore, who modified the system which was previously in force.

23. Was it further modified on our acquisition of that territory?—It was dealt with in most respects very much like the rest of the country, but it was at first under Madras, and it had the advantage of being for some time directed by the traditions of Sir Thomas Munro, and that gave rise to some differences of management which have, however, nearly disappeared by this time.

24. Then is the settlement of the land revenue made

made direct with the owners and occupiers?—The settlement is made on the same system now as with the rest of the Deccan.

25. What is the state of the land revenue in Guzerat?—Guzerat is one of the richest and most civilised portions of Western India. It appears to have been from an early period divided among separate Hindoo sovereigns, who in some cases have managed to keep up their separate independence to the present time. There is a greater variety of population in that province than in almost any country I know, and a consequent greater variety of tenure. There is also a considerable variety in the physical aspect of the country. There are some very rich plains, and some very dense, unhealthy jungles; and the jungle portion is only being very slowly brought under cultivation, as the population extends.

26. What is the result at the present time, of the various systems that have prevailed there under the different rules with regard to the settlement and collection of land revenue; is it there made with the owners of villages chiefly or with the owners of particular fields and particular allotments?—It is made in almost every mode in which it is possible to make a settlement; in some villages you find it made field by field with independent cultivators who would throw up their estates and refuse to cultivate altogether if any attempt were made to bind them up with their neighbours; perhaps in the very next village you will find inhabitants of a different origin and of different habits, who would on no account, if they could help it, allow any interference with their field divisions, and who insist upon paying in a lump through one head man; and in some parts of the country the settlement is made with descendants of ancient sovereigns who have fallen into the position of great landholders and nobles.

27. Then that arises from Guzerat having been so frequently invaded and administered from time to time by conquering races?—Yes.

28. Traces of the old system still remain in some and have been obliterated in others?—Yes; in one district called Kattywar during the early part of the present century, the dues which we inherited from the Peishwah's were collected by what was called a system of Moolukgeree, *i. e.*, a system of military promenades through the country, in which the Peishwah's officer managed to take from each chief or community as he passed as much as they chose to pay, and they never paid except on some demonstration of force; it was a point of honour always to fire a shot in the way of resistance; and to that sort of very miscellaneous system of assessment and collection we succeeded at different periods during the present century.

29. Has it been the principle of the Government always to search out the person who is considered the owner of the holding, and to make a settlement with him, so as to get into a more regular method?—As far as possible; and it is in that respect that I think the Bombay system has been peculiarly successful. It has generally managed to get nearer the man who, by common consent, of his neighbours, was looked upon as the proprietor of the land.

30. Will you be good enough to state when the Government systematically undertook the settlement by what is called the revenue survey of Bombay; that is to say, the re-settlement of the country for the purposes of land revenue; what has been done with a view of dealing with this state of things which you have described more methodically by survey and settlement?—The Committee would understand that systems such as I describe were not such as it was possible to administer through the agency of foreigners, and especially of Englishmen, trained as Englishmen are, to look for a rule and a law in all matters of public assessment; and from the first time when we got any territory in Western India, attempts were made to fix, by survey and assessment, the demands of the Government from the land. Sometimes the Government found the records of former governments extremely perfect and detailed. The Mahrattas were great hands at keeping very good accounts for the Government, and they had a system of assuming that everything within a province must be accounted for; a provincial account of the Mahrattas begins with putting down the whole landed property of the province. Then follow the deductions, estates that have been alienated, feudal and ecclesiastical, and so on, and all deductions which were made for service, assignment for troops, and so on.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

31. That is to say, for lands held in recompense for services to be performed to the State?—Yes; and at the end come out the public estates which pay a fixed money or grain assessment to the Government. The accounts of a Mahratta provincial governor, when you can get them perfect, show most clearly the whole state of property during his reign, and the way in which the Government dues were levied and accounted for. In some cases, especially in Guzerat, it was hardly necessary to do more than to get these accounts, where they had been carefully kept, and give the collector a good map of the district, and he was able to get on for some time. But in the Deccan it was found that a system of rack-renting, which had grown up during the time of the later Peishwahs, had so far superseded what were considered the good settlements of former rulers, that it was almost impossible for a collector to see his way to a reasonable settlement.

32. You mean that what may be called the land revenue had, from the continued growth of extortion under the later Mahratta rulers, approached the rack rental of the land?—It had often been raised to something more than the rack rental, and it was generally necessary before you could levy the revenue to give large annual remissions. These caused great peculation, and oppression of various kinds, and nothing could be worse than the state of the country as regarded the levy of the land assessment when the first attempts at survey were made. The first surveys were intended to be extremely minute. An attempt was made, after registering the land, to arrive at a precise idea of the gross produce, and then to make a deduction for all the expenses of cultivation, and then to take a fixed share of the net produce as the revenue of Government. But it was found in practice that this was entirely a misleading and impossible mode of assessing the revenue. There were so many disturbing elements, and there were so many elements in which any one small mistake got magnified in the result, that the most absurd additions and diminutions of the existing revenue were the result of the arithmetical process; and after a good deal of money had been spent upon this kind of survey, the Government was obliged reluctantly to revert to something like the old system about the time that I went out to India in 1834. This had led to terrible

Sir *H. B. E. Frere*, K.C.B., C.S.I.

24 March 1871.

terrible oppression in one or two villages, oppression so serious as to attract the attention of Sir Robert Grant, the then Governor of Bombay, to it; and he sent Mr. Goldsmid, to whom I was attached as assistant, and Captain Shortreed, to report upon the system; and the result of their report was an order for a survey and an assessment upon a different system, which was entrusted to Lieutenant Wingate, now Sir George Wingate.

33. Will you now describe what the system was which was then adopted for assessment?—It is a system which has been since adopted and carried out, and which has been the model of a good deal of the re-settlement of other parts of India.

34. That is still in force?—That is now still in force and still going on. It commenced with a demarcation of the boundaries of fields, and inasmuch as in very few parts of the country were there any hedges, this matter of boundaries was one of capital importance to the permanence of the settlement. After the fields were marked out, and the boundaries ascertained to be such as might be relied on during a series of years, the measurements were made by a separate measuring establishment.

35. Was this, in any respect, done under an Act of the Legislature of India?—It was done under the general powers which were given by the Regulations of 1827 to the Government of Bombay to assess the revenue, and there was no Act passed to legalise their operations till about six years ago. This Survey Assessment was begun in 1835 and 1836. After the measurements were completed, a separate establishment of carefully trained and selected men were sent through the fields to classify the soils. They dug up the soil to the depth of a foot or two, and classified each patch of land according to the opinion they formed of the soil. These classifiers had nothing to do with the assessments; they merely reported that the soil was of such a quality, and such a depth. After the whole of the district had been gone through, the European officer in charge of the proceedings, with the best advice which he could get from those who were experts in the matter, decided what assessment it would be fair to fix upon each class of soil; and he then reported the result to Government. If Government were satisfied with the care and judgment shown in his operations, the assessments resulting from this process were declared permanent for 30 years.

36. Then in fixing this assessment he looked to what may be called the intrinsic value of the soil, and it was assessed quite independently of the interest of the man using it?—He was always entitled to abatement for anything that he could show was not intrinsic in the soil, but was due to his own labour; careful records were made of the result, and village maps showing each field were drawn out in the native language; latterly these have been printed, and multiplied by lithography and photo-lithography, and now it is in the power of every one of these cultivators in a recently settled district to have a map showing his own estate in his own language.

37. Then the person with whom the assessment was made under the new system was still the person whom the Government, or public opinion, or the law regarded as the owner of the land?—Yes; shares and rights in the land were recorded when application was made; the thing was done as deliberately as possible, and every opportunity given to record such rights.

38. You mean rent-charges and so forth or the land payable to particular individuals?—Yes; rent charges and also shares which did not admit of being shown on the map or in the record for assessment; they were recorded to avoid disputes afterwards.

39. Where the land was held in joint tenancy —Yes; where the land was held in joint tenancy by partners.

40. What was the effect of this settlement as it proceeded upon the cultivation and use of the land, and on the revenue?—The effects on the revenue were at first a considerable reduction in the demand, because the original assessments had been rack rents or something more; but in almost every case there was an immediate increase of net receipts, owing to the extension of cultivation, and the full realisation of the demand; in the first settlements waste lands were marked out and measured out, and were taken up gradually as the people applied for them, and this increase of cultivation in almost every instance led to an immediate increase in the net revenue derived from each district.

41. Then the lands at the time of the survey which were unoccupied or unowned, if I may use the phrase, were equally surveyed, and an assessment value was put upon them, so that any one might take them on the condition that he should pay that revenue?—Yes; occasionally also there were rights of ownership which from poverty could not be claimed by a man taking the land at the time; they were always recorded and the original owner was encouraged, as far as possible, to take the land which he claimed as his own, and his right in it was registered if it was recognised by all the villagers and bystanders round at the time of the settlement.

42. Then land that was not occupied or owned was opened to the first applicant to Government on the terms of paying the settlement that had been made for it?—Yes.

43. Did that lead to a great many applications to take up the land?—It led to a run upon the land in a great many cases; the efforts the people made to secure the right to cultivate the land were such that they rather exceeded their means of cultivation.

44. Was everybody let into possession, as what we should call a freehold owner of the land, subject to the payment of the land-tax?—Yes; I might illustrate the effect by referring to the first district, which was dealt with in this way: It was a district of which the nominal rental was about 15,000 *l.*; the net receipts had for some time been less than 4,000 *l.*; the rental was reduced to about 8,000 *l.*, and the net collection the first or second year amounted up to 7,000 *l.*, a rise from less than 4,000 *l.* to 7,000 *l.* of actual receipts into the treasury. In the second or third year afterwards the whole available land was taken up, and has so continued ever since.

45. That originally resulting from the improvement in the cultivation and the taking up of the land, consequent upon the definition or settlement of the revenue?—Yes, that was an extreme instance; but it was a specimen of what was more or less observable throughout all the survey operations. The results have been since, an immense increase in agricultural stock in every surveyed district.

46. Can you state how far this survey and settleme

tlement has proceeded in Western India?—It has been carried out throughout almost the whole of the Bombay Presidency. There remain to be done a few districts in Gujerat, a few districts in Scinde, one or two in Southern Concan, and some in North Canara, which has been lately transferred from Madras.

47. But is there any intention to apply the survey to those districts?—It is in progress now in all of them; but the work is very carefully done, and the process is not a quick one.

48. In fact, it has taken these 30 years to carry out?—Yes.

49. So that now you have arrived at the point where the revision would have to begin again?—Yes, it has begun again in one or two districts; and in those districts the people have voluntarily consented to a very considerable increase in the assessments which were fixed at the last survey.

50. On what principle is the increase made on the revision of the settlement?—Generally by looking at the difference in the price of grain. When the matter was discussed, shortly before I left Bombay, with some of the cultivators in the districts which were liable to re-assessment by the expiry of the old settlement, they seemed universally to consider that the difference in the price of grain was the proper measure of the increase which they might be justly called upon to pay in the assessment.

51. Without entering into the vexed question of the depreciation of the value of silver in India, has there not been an immense change during the last 30 years in the money price of agricultural produce?—Yes, a very great rise in prices.

52. Could you give us any idea of the rise in the different products?—It varies very much, according to means of communication. Where the communications have been much improved I should say it was invariably double. When the communications have been less improved, things have more nearly stood still; but I think there has been a general increase throughout the whole of India in the monied price of products.

53. Can you state what proportion the increased re-settlement would be in reference to the general increase of value; would it be some relative proportion of that increase?—Yes; in the districts which were most likely to be affected by immediate re-settlement it would vary from 20 to 50 per cent. I may mention, that in some of these districts the prices for some years past have been as high or higher than the famine prices of Bengal or Orissa. But it must not be supposed that the whole of this result is attributable to the survey; a great portion is due to the rise in the price of agricultural produce and to the means of communication, which, though they have been nowhere made what they ought to be, still have been very much improved of late years.

54. As illustrating the question of the rise in price, has there been a corresponding rise in the price of wages of agricultural labour throughout the presidency?—Yes, an immense rise; partly due to such measures as the survey and re-assessment, but the great agency has been, I think, the railway system. I think, broadly speaking, you may say that wherever the railway was near enough to attract labourers it made all the difference between a serf and a free labourer, and freed the peasant generally from debt.

55. But did the Government consider itself entitled to appropriate the whole benefit of the rise in prices to the revenue, or did it only proceed with a view to taking a proportion of the rise and giving some to the cultivator, and some to the labourer, and some to the owner of the soil?—I do not know that the labourer entered much into the calculation; but Government did not consider that it should take the whole of the increase. It was almost impossible to distinguish how much was due to each of the various causes, but, as far as I saw, the cultivators were quite content with the fact that they got much better prices for every sort of produce, and they were content to let Government have what they considered its fair share of the rise.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

56. Was any proportion do you know maintained; that is to say, supposing the prices were doubled would that be a ground for doubling the assessment?—No, not for doubling it, but for a considerable rise in it.

57. Mr. *J. B. Smith.*] Cannot you say what proportion was observed?—It varied very much; I do not think there was any fixed proportion.

58. *Chairman.*] I was endeavouring to ascertain whether any rules have been laid down by the Government of Bombay for the direction of the re-assessment officers, to guide them upon some principles of policy in the re-assessment, of which there is any minute or formal record?—No; and I do not think it would be desirable to fix any; for this reason, that the success of these arrangements has generally been due to the people being always consulted and allowed to have a voice, and being heard when they considered that the Government was too hard upon them; and to a considerable extent they have been listened to when they thought themselves aggrieved in a matter of over-assessment; and I am afraid that if you laid down a rigid rule, you would find it would be applied very rigidly, and that the habit of referring to the people would rather fall into disuse.

59. Then we are to consider it as an equitable re-assessment, having regard to all the circumstances present at the moment?—As being equitable in the same sense as you would find a difference in what would be considered equitable assessments in different parts of this country, say, between Lincolnshire and London, or Scotland. In Lincolnshire, I believe the farmers consider that they have a right to a considerably larger share of the produce than would be considered reasonable in the neighbourhood of London or in Fifeshire; and you find in dealing with the natives of India, when you talk with them on a subject of this kind, that they discuss it in exactly the same way, and say that their habit has been always to pay a heavy assessment, or a light assessment; and they will argue the matter very much in the way that an English farmer would.

60. Has any exceptional method been adopted in dealing with what are called the hill tribes, the aboriginal tribes, of India?—They generally cultivated on a system of their own; they either paid so much for a plough, or still oftener so much for the billhook with which they cut down the jungle; it was impossible to measure fields which were very often in an inaccessible jungle, and very rough modes of assessment were adopted with regard to them; it has been a great object to settle these tribes and bring them to habits of regular cultivation; they have consequently (under the Survey) been dealt with quite exceptionally,

Sir H. B. E. Frere, K.C.B., G.C.S.I.

24 March 1871.

ceptionally, and with great regard to their own customs and the modes of assessment which they considered easy and reasonable.

61. Do they occupy a considerable space in Western India in point of territory?—In some parts, as, for instance, in Kandeish and on the skirts of Gujerat, they occupy the whole of the jungle part of the hill country; in other parts they are found scattered about, but traces of them are to be found in almost every district.

62. Is it generally the case that the hill country in Western India is not in the same condition as what may be called the plain country, and is in a very primitive state?—Yes; the invading tribes, who were more civilised than those they invaded, generally seized upon the richer parts of the country, the low lying cultivated valleys, and the indigenous tribes were driven to the hills and the accessible jungles.

63. Is it their practice to shift their cultivation, burning or otherwise clearing the land, then using it for a short time till it is exhausted, and then breaking up other land?—Yes.

64. It, therefore, does not admit of the same regular treatment as the land that is in regular cultivation?—No.

65. Were any special charges added to the land revenue at the settlement?—There was a part of Sir George Wingate's original plan, which, was devised, I believe, by Colonel Davison, for imposing an extra cess at the rate of one anna in the rupee, that is one-sixteenth of the assessment, which was to be applied to the formation of roads and the maintenance of schools; the schools were to be of two kinds: schools for primary instruction in reading and writing, and schools in which mechanical art would also be taught, so as to improve the mechanical arts of the country. This system was a little in advance of the ideas of the Government at the time, and it was postponed for some years, and has only been latterly and very gradually introduced, as the people were found to wish for it and to be inclined to accept it.

66. Did the land law of Western India or the Bombay Presidency reserve the right of the Government to make any further special assessment to meet emergencies of the State?—Yes, there was a special reservation in the Regulations of 1827 for the purpose.

67. That, legislatively, there might be a general new tax put on?—Yes.

68. Then this cess would be a tax of that nature?—It would be a tax of that nature; it was deferred in some parts from an idea that it would be considered by the people as a breach of the covenant made with them during the 30 years' settlement; and where nothing was said about it at the time of the introduction of those settlements, its introduction was postponed; but in all new settlements it is made a part of the original settlement, and has the same force as the Government assessment.

69. What legislation then has taken place affecting the assessment and condition of the land under the systems which you have described?—The first regulations on the subject were, I think, in 1798, when a very elaborate report was drawn up on the land tenures of Salsette and a few villages on the mainland, which at that time formed the whole of the Presidency of Bombay; this report, with an indication of the course which Government meant to pursue, was declared law; it was very much in the form of what would be a report of a committee of inquiry, with the Resolutions of Government appended to it.

70. That constituted a complete land code for the Presidency of Bombay as then existing?—Yes, a complete history of the land tax and a code of regulations for dealing with it; then various regulations were passed at different times, as additions were made to the presidency by cession from the Mahrattas; and when the whole of the Deccan was added to Bombay, with other territories of the Peishwahs which were conquered in 1817 and 1818, a fresh set of rules were drawn up by a commission appointed by Mr. Mountstuart Elphinstone, and a very good code of regulations adapted to the then condition of the country was framed and passed into law in 1827; which made it imperative upon the fiscal officers to inquire with regard to all questions of land assessment into the local custom, and consecrated the custom of the country as the limit of demand. This, which might seem a very loose mode of procedure, was, in fact, a very considerable bridle upon the Government of the time, and although it afterwards proved insufficient, and it was found necessary to define and bind the Government more strictly in the matter, it was at the time a very great relief to the people, who had always the power to come in and prove that any given demand was not in accordance with ancient custom.

71. In point of fact every one's rights were granted to him or guaranteed to him by law, as against the Government, if he could prove that they had existed for a time that constituted in the opinion of the courts of justice legal usage?—Yes.

72. And people had the right of establishing their claims in a court of law as against the Government freely?—Yes.

73. I suppose that that system has led to a good deal of accurate definition of rights and customs in the courts of law?—Yes, and it has led to a very useful habit of looking to customs rather than to any preconceived theory.

74. Has there been any other special legislation affecting the land revenue since the code of 1827?—About five or six years ago what had been done under the operation of the survey was embodied in an Act which was passed by the Bombay Legislature and assented to by the Governor General, and that is now the law with regard to the land assessment in the surveyed districts.

75. Was the attention of the Government at any time directed to the enormous extent of land which had got altogether exempted from the settlement of land revenue?—Yes, it had always been an object with the Government to look to these large alienations. They were of very different extent and character; some of them were service alienations under different names, Jageer and Serinjam.

76. That is to say lands granted to persons who were to supply troops or to do duties in return for the grant?—Yes, service lands.

77. Were they granted free from land revenue wholly or partially?—They generally were coupled with some obligation to serve with troops; the largest of them were coupled with such an obligation. The number of troops was large or small in proportion to the interest of the grantee at the time, and besides all of these, there were a vast number of smaller grants, some to temples and some for various district and village services.

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With regard to all of them, it was the habit of the native government to consider that each change of ruler entitled the government to look to the alienations of his predecessor and to make considerable resumptions of those rent-free tenures the grants of which were recent, and made from motives of favour; but the resumptions were not found to be oppressive, because there were an equal number, or nearly an equal number, of re-grants. The system was very much like that of some periods in the middle ages, when the power of the Crown was strongest and large numbers of the favourites of the former king had their grants resumed, while the supporters of the reigning sovereign got fresh grants, so that upon the whole the country was pretty well contented. We abolished, as far as possible, or curtailed the system of service tenure, and paid for everything in money, and required all lands, as far as possible, to be paid for in money.

78. Can you give any general idea of the proportion of the land that had thus become exempted from the ordinary revenue to that which was chargeable to the ordinary revenue?—It varied in almost every district. In some districts almost the whole was alienated; in others only a very small portion; but you could hardly say that any two districts were alike in that respect. The smaller alienations were most numerous in the richest districts, in Guzerat for instance, and they were the oldest and were the most respected; many of them had descended for centuries, and there were a very considerable number which went back as far as the time of Charles the Second.

79. But was any estimate made of the total amount of alienation as compared with that which was collected or assessed?—Yes, but it was not very easy to get at any definite money result; because, in the first place, many of these alienations had never been measured or assessed, and the service which was partially rendered for most of them was also very difficult to assess; so that it was not very safe to deal in fixed figures.

80. Can you give us an approximate idea of what it was in the view of Government upon the whole?—Not further than that it was a very considerable deduction.

81. I mean would it amount to a third or a fourth of the whole land revenue, supposing that it had been collected throughout?—Hardly, I should think, as much as that; perhaps a fourth. I should be sorry, however, to pin myself to any fixed proportion.

82. In the definition of the private rights in the land in 1827, was any reservation made of this special question?—There was a proclamation issued at the time the territories were taken over from the Peishwahs, telling the rent-free holders that all that had been enjoyed for a certain period of years would be respected, and the Government fixed what they considered a fair period of prescriptive enjoyment beyond which they would not look. That period has varied at different times, according to the views of different administrations, and nothing was attempted very systematically till, I think, about the year 1840, when the subject was taken up as a whole, principally in consequence of similar questions, which had been raised on the other side of India, in Bengal, and what was called the Inam (or Rent-free Land) Commission was appointed for inquiring into all alienated revenues.

83. Did that commission proceed to examine these exemptions from land revenue?—That commission first of all took possession of all documents on which exemptions were founded, and then proceeded to investigate the claims district by district, and reported on them to Government. Rules were laid down by Government from time to time as to what they would respect and what they would resume, and, finally, those who were continued in possession received re-grants under the name of the present Government.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

84. Is that commission still in operation, or what became of it?—It is partially in operation still, but with very limited powers. Its work was completed about seven years ago, as far as the greater portion of the rent-free land was concerned. Sir George Clerk, then Governor of Bombay, found that a good deal of irritation was caused by inquiring into some of the more doubtful claims to exemption which had been reserved to the end of the inquiry; and he made a rough compromise with the holders, that they should pay a certain per-centage of what the Government demanded, and that they should be freed from further inquiry. The result was exceedingly beneficial in quieting people's minds as to the pushing of the inquiry further than they considered just, and upon the whole the result has been beneficial to the revenue, and also beneficial to the people, as continuing those who have been recognised in the undisturbed possession of their rights.

85. Can you state what has been the general addition to the land revenue of Bombay by means of this process of dealing with the exempted lands?—I could not state it, exactly, without reference. I will supply that.

86. Then may we take it, that so far as the assessment of the land revenue in the Bombay Presidency is concerned, it has reached the maximum of amount?—No, I think that there is a considerable opening for increase as the leases expire.

87. You mean, that when it is re-assessed after the 30 years' leases or settlements expire, you anticipate a general increase?—Yes.

88. Would that be going on during the whole process of the next 30 years, if it takes as long to re-assess?—Yes; I think there is a considerable advantage in the process not being a very rapid one; it gives more time for people to be heard, and more time for correcting mistakes.

89. It would seem that it must take 30 years to do it, because it took 30 years at the beginning, and it is a 30 years' assessment, so that the whole presidency cannot be re-assessed, except gradually, in a period of 30 years?—Exactly so; in a few instances shorter leases were given where it was supposed that the country was in a transition state.

90. Can you state what would be the probable increase of the land revenue, year by year, from the assessment?—It would be impossible to state that, because so much would depend upon prices, but I should say that you might reasonably look for two-thirds of the increase in the price of grain and agricultural produce.

91. Throughout the presidency, as an average?—Yes.

92. You think that the land revenue would get the benefit of that proportion?—I should say at least two-thirds of the increase in prices.

93. And what would you take as an increase in price, generally speaking, as an average?—It depends above all things upon means of communication, I think.

Sir *H. B E. Frere*, K C.B., G.C.S.I.

24 March 1871.

94. The re-examination of the lands that are exempted from revenue is complete, as I understand you?—That is almost complete. There would be a small increase there probably. Many of the exemptions were continued for one life or two lives, and they will fall in, and there will be a small increase in cases of that kind.

95. Has any provision been made, where the exemption is for service, for bringing the land under revenue settlement, in case the service is no longer required, or is that right reserved to the Government?—Generally in all large alienations of the kind the whole of the process of cultivation, assessment and payment of revenue goes on under the holder of the alienation in the same way as it would under Government, and in many cases the settlements have defined what the holders of the rent-free tenure shall have a right to demand from the cultivators, who never give up their right as owners of the land, though they pay to the holder of the rent-free tenure instead of to Government.

96. Do you understand that in all the grants that the Government makes of villages in gross, they reserve the individual rights of the cultivators and define them?—Yes.

97. But in the event of the holder of the land granted, who is to perform the service of furnishing a troop of horse, no longer being required to provide that, has the Government any right to bring his land under assessment and dispense with his service?—It would depend upon the special agreement. The process you describe has been sometimes enforced. If he neglected to keep up his horse in an efficient state he would be told that his horses were not required, and he would be bound to pay so much per horse instead of furnishing a contingent.

98. Do you consider that the Government has the right to dispense with any of the services for which land is granted, or are many of the services hereditary offices or rights that they cannot dispense with if they wished?—In many cases they are hereditary and could not be dispensed with. In every district and village there are hereditary officers who consider themselves bound to serve if called upon, but who do no more service than some of the people who hold lands originally granted on condition of feudal service in this country; they say that they are ready to render the service if required, and they claim to hold their lands.

99. Therefore no increase of revenue would arise from that source?—No; and the same sort of reasoning applies to lands alienated to temples and for ecclesiastical purposes, which are very considerable.

100. Then do you look chiefly for the increase of the land revenue on the re-settlement to the improvement of communications, and otherwise enhancing the general value of produce as the result of cultivation?—Yes.

101. And is there great scope for that in the Presidency of Bombay?—Very great.

102. Would irrigation also be a source of improvement which might lead to the improvement of the land revenue on the re-settlement?—Yes, very considerably.

103. As the result of the present settlement, what do you consider the proportion that the Government receive to the gross return of the land?—It varies certainly in every province, and I should say in most villages.

104. Your view is that the cultivator or owner having had perfect freedom to cultivate any crop he pleases, and to farm as high as he pleases, the land revenue, depending on the intrinsic value of the land, does not bear a definite proportion to what he gets from the land?—No fixed proportion.

105. Will you state what has been the growth of the land revenue in the Bombay Presidency from that early period when it was limited to Bombay and Salsette; stating the epochs when the increase took place from particular circumstances?—It is entered at 79,025 *l.* in 1792. It varies from that date, occasionally falling as low as 31,000 *l.* up to 1803, when there was a considerable accession of territory by treaty cessions in Guzerat, and the land revenue mounted in 1803 up to 305,861 *l.* It remained at about that amount, rising sometimes above 400,000 *l.* till 1817, when in consequence of the conquest of the Deccan from the Mahratta Peishwahs several districts were added to Bombay, and the land revenue is entered at 868,047 *l.* Further additions were made from the same source in the next year, raising the land revenue to 1,143,000 *l.*; and it continued at that amount, rising sometimes to 1,800,000 *l.*, and sometimes falling to 1,208,000 *l.* In 1842, it touches 2,000,000 *l.*, this must have been partly owing I think to lapses of alienated revenue.

106. You mean that large revenues which had been alienated were beginning to fall in from want of heirs, and some other causes?—Yes.

107. Mr. *Beckett Denison.*] Would nothing be due to the conquest of Scinde?—That, I think does not appear till much later.

108. *Chairman.*] Perhaps you will add the subsequent increase down to the present time?—Yes; I will furnish that.

109. Mr. *Cave.*] Did you state that the Government makes an agreement with individual cultivators, field by field?—Yes.

110. That there is a special agreement in each case?—The agreement is embodied in the general return of the village, and each cultivator receives annually an account book, in which the extent of his holding, his assessment, and the dates on which the assessment is to be paid, are entered in his own language.

111. And are those assessments for 30 years as well as those of the larger estates?—Large and small, they are all, with a few partial exceptions for 30 years, those that are settled under the survey.

112. And in the case of the small cultivators payments are made through a native collector?—Through the village accountant.

113. Who is a native?—He is a native.

114. And other villages, as I understand you pay in common, as in Egypt; do their work in common for the head man of the village?—There are very few who pay in common; it is not at all the usual system in Bombay.

115. In Egypt, as you are aware, the villages are mostly in common?—Yes.

116. I thought you said that in some cases was so in Bombay?—Yes; the system is known especially in Guzerat; you generally find that it is due to the Rajpoot origin of the cultivators they regard themselves as all brethren, and pay through one of their number.

117. With regard to the estates alienated for ecclesiastical purposes, and for others which you mentioned, would they be considered subject to the extra cesses which you mentioned for roads and school

schools?—Yes; I believe in most cases they have been included in the demand for the local cess, but not invariably.

118. Would it be considered contrary to the agreement if such a cess was made for the purpose of making or maintaining railways as well as common roads?—The question has never been discussed; and at present certainly I think it would be premature to start a question of that kind for the consideration of the people, because their fear always is that after the cess has been imposed it will be carried off and applied somewhere where it will not benefit them; and our object in reconciling them to the cess was to expend it as far as possible in the parts where it was levied, and to let them see that we kept faith with them in giving them some benefit for the cess that was levied.

119. At the same time is it not the case that the railway increases the price of their produce more than the common road?—Immensely.

120. And that the difficulty with regard to the revenue of India is greatly increased by the expenditure upon the railways?—Certainly.

121. And that therefore there would be the greatest possible reason for the cess being levied for the purpose of railways?—It is quite possible that they might be brought to see it in time, but it must be recollected that this cess, which might be termed a parochial or county cess, is of very late introduction in most districts, and it is above all things in matters of this kind, desirable to let the people thoroughly understand a new impost, and see its reason, and that takes some time over such great areas as you have to deal with in India.

122. You see no reason, on principle, against the introduction of such a practice?—In principle I see none; but I should think it a dangerous principle to act upon till the people get much more alive to the advantages of the railway than you can expect them to be just at present. At present they regard the railway as a great boon which has been conferred upon them; sometimes they may look upon it in a different light, as rather an infliction, if it takes off a piece of their fields, or anything of that sort; but, at any rate, they look upon it as a work of the Government, which is essentially distinct from anything that they are called to do for themselves or to pay for for themselves.

123. Where the railway runs through a field I suppose the rental is diminished in proportion?—The man is usually compensated or an abatement is made in his assessment.

124. Some of the assignments, you stated, were for service in the field, troops of horse for instance; are those troops included in the returns of the Army of India?—Yes; they would appear under a separate head as contingents of native states. They come down, sometimes, to one or two horsemen, to something less than the old knight's fee; but generally they were for considerable bodies, and they would always appear under the name of the rajah or nobleman who furnished them.

125. Even if he was not an independent chief?—The system would hardly be continued, except with a man of old family or great standing, or a man who had done some special service.

126. Are those troops always embodied, or are they only called out on emergencies?—They are generally required to be paraded, and to show themselves periodically. Some of them are very efficient, some very much the reverse. Their character depends very much upon the spirit and character of the chief who furnishes them, and to a great extent upon the character of the European officer under whose superintendence he is acting.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

127. Would that obligation to furnish men be changed in its extent at the end of 30 years; would there be a larger contingent placed upon the land in consequence of its greater value at the end of 30 years?—The 30 years' settlements would not apply to the contingents at all; they would be either personal or dynastic arrangements.

128. Then in those cases the owner would get the entire benefit of the increased value of his land?—Yes.

129. And the Government would not benefit in any way?—No.

130. Except in the case of extra cess?—They would get the indirect benefit of having the roads made through these estates.

131. You stated that in the Deccan, under the Peishwahs, a great part of the lands was subject to more than rack-rent?—Yes.

132. Then I suppose that the cultivators of the land were mere serfs?—They were mere serfs, and they could only pay what was demanded of them after a very considerable remission, which was granted almost annually, and depended upon the favour of the village and district officer, and of course led to endless peculation and oppression. The remission only in part reached the cultivators for whom it was intended; there was always a considerable amount of payment to those through whose hands the revenue was collected.

133. You are speaking entirely of what took place before we took the land over, I presume?—It could not be stopped when we did take it; I have seen terrible instances of oppression under our own Government.

134. But by degrees all that was altered?—By degrees, I hope, that has been almost extinguished.

135. You stated that when we tried what seemed to be very reasonable, namely, calculation of the gross produce with a deduction for expenses, and then a share of the remainder for the Government, there were disturbing elements which compelled a reversion to the old system; I do not think that you said what those disturbing elements were?—Very often there was the greater skill or experience of the cultivator; a good farmer made much more of his land, did much more justice to it, than a bad farmer; that was one disturbing element. In theory you dealt with the good and bad farming as having nothing to do with the matter; but when you came to work out the result, you found that you were demanding from your good farmer an amount of rent very much lighter than he had ever dreamt of paying, and that you were demanding from the clumsy farmer an amount of rent which it was not possible that he could pay. Those were elements that no European officer could take into consideration. Then again, the smallest mistake in the calculation, a mistake in the proportion of a bullock's hire, or the proportion which was to be entered in the sum, brought out results which were entirely vitiated; and it was found that in practice the rent derived from a very carefully considered theory of the subject, differed so widely from the rent which the people considered fair and reason-

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

able, that there was no making any sort of adjustment between them.

136. But in taking the classification of soil as the basis of rent reserved by the Government, there was no consideration as to whether a farmer might be good or bad, was there?—In the classification of the soil it was different, because you looked at the soil; you said, it is a soil of such a nature, and such a depth, and grows such and such crops; and you assembled a dozen experts, and you said, "What is a fair rent for this kind of soil?" and they said, "In this country if you are within so many miles of a market it should be so and so; if you are within so many miles of a market it should be so much more or less, and if you go into the next district where the people are better cultivators and the population denser, as you get towards that district you might take a little more; as you get towards the hills you must take a little less." They dealt with the question very much as a land surveyor and valuer would deal with it is this country.

137. Then you mean that you do not take into consideration whether the individual farmer in the same district is good or bad, but whether the whole population is in a higher or less high state of civilization in that respect?—Yes; you formed an average judgment with regard to farms in that particular part of the country, and you did not attempt a minute calculation, which though it was theoretically correct, owing to elements which you could not always trace, led you astray in the result.

138. You stated that when the waste lands were brought under assessment, the population were encouraged to take them up?—Yes.

139. What did that population do before?—They cultivated very much less, and they were in a state very often bordering upon starvation; very deeply in debt, because then they never knew what they would have to pay if they took up a particular field. They knew that if the season promised well, they might have to pay very heavily for it, and that if the season failed them there was still a very heavy demand hanging over them, which they could only get relaxed by importunity; and, therefore, they hung back and cultivated just sufficient to keep body and soul together. The aspect of the country at that time was most miserable, and the people were in a state of great poverty and destitution.

140. But they were all cultivators?—They were all cultivators.

141. I should like to ask your opinion whether the 30 years is not a long time for which to fix the assessment of land?—It was found generally acceptable, I think; in some cases shorter terms have been fixed for special reasons; but generally, I think, the people like the term of 30 years; there was no particular reason for it that I am aware of.

142. I rather wished to ask whether you did not think that it was too favourable to the people and too unfavourable to the Government?—No, I think not; it seems to me that, as a fiscal question, you can hardly be too favourable to the cultivators as long as you do not go so low as to let them become careless as to what they do with the land; because, whatever they make out of the land, you get at in other ways of taxation.

143. In customs duties, you mean?—Yes, in customs duties and excise; and they consume one another's produce to a much greater extent.

144. At the same time, looking to the extremely rapid increase of very expensive communications, resulting, as you have stated, in doubling the price of produce in some instances, is it not too favourable to the cultivator if it is to continue for so many years?—It has not practically hitherto proved too favourable, and the danger in India always is that the Government officer will strain a little in favour of Government; and I think that, in a matter of settling the land assessment, you can hardly be too careful to impress upon your officers who make the settlement that they must not do more than would be considered a liberal settlement under their own Governments, and must not attempt to get more.

145. Is the revenue officer considered of greater value according to the amount that he brings in from the land?—Well, there is always a tendency to look upon a man who gives you a good balance sheet as an extremely good administrator.

146. I think it is not the case, is it, in the Presidency of Bombay that the 30 years lease begins and terminates everywhere at the same time; I mean that there are several different leases applying to different parts of the Presidency?—Yes, the settlements go on at the rate of perhaps two or three districts a year, so that it takes several years to get through one province; there are at present, I think, three bodies of surveyors and assessors that work in different parts of the country, and they settle independently of each other; there is no attempt to make them synchronous at all.

147. As a matter of fact almost every year leases are falling in and fresh ones beginning?—Yes.

148. All for 30 years?—Mostly for 30 years.

149. Sir *Charles Wingfield.*] You did not just now give us a distinct answer as to what proportion of the gross revenue is taken by the Government in the Bombay Presidency; there must, I apprehend, be some principle; you are aware that in Upper India the principle is to determine what is the rental received by the proprietor from the man who cultivates the land, and pays him rent, and then to take half that; is there no proportion at all fixed in Bombay?—No, there has been no attempt to fix any proportion; the settlement in Bombay is always as far as possible with the man who owns and cultivates the land; if he owns but does not cultivate, in most cases no mention is made of the cultivator; there is no difference made between him and his next neighbour, who owns and cultivates himself.

150. Neither is there in Upper India; we do not make any difference there; but by examination and classification of soils, and by looking at the rentals received by the proprietors, we determine what in our opinion the fair rental of the land is per acre; but you do not do that as I understand you?—No attempt is made to fix anything but what the people consider generally is a fair Government demand; I have seen attempts often made to adjust it, and to fix some proportion between that and the theoretical rental, but I cannot say that I ever saw them succeed.

151. With reference to the question that was put by the right honourable gentleman, the Member for Shoreham, about the propriety of the Government levying a cess for railways in the same way as it levies a cess for local roads, do not you think, on the other hand, that it is a right

right principle that a Government which derives a rental of 20,000,000*l.* from its landed estates, is bound to spend some part of that in the improvement of the land, that is to say, in works that will develop the produce of the land?—Doubtless, if it can spare it; but it must in India, as elsewhere, be a matter of discussion and adjustment, I think, between the cultivator and the Government, what each can do towards what is for the benefit of both.

152. But when I affirm that principle, I mean that it would be unreasonable to call upon the people to do every thing; that Government which derives such a great rental from the estate is bound, like the proprietor of an estate in this country, to spend some portion in works for the benefit of those living on it?—Clearly.

153. Another question was put to you, I think, by the right honourable Member for Shoreham, about assessing, differently, one class of farmer from another class of farmer. I fancy that in Bombay you are obliged to do what in Upper India we found it necessary to do, that is to say, to assess land held by those races which are less addicted to agriculture, lower than land in the occupation of those races which are famed for their agricultural skill and industry?—Yes, just as you would demand a lower rate in some very unimproved part of this country, than you would demand near London.

154. Also with reference to the races, there are some races which are not addicted to the arts of agriculture as, generally speaking, is the case with the Mahometans, and you cannot assess them so high as you would certain races in Upper India which are famed for their agricultural skill?—No; and you are obliged sometimes to give way to traditional prejudices which make Brahmins and Mahometans and other classes entitled to lower rates of assessment than would be fixed upon industrious cultivators.

155. In fixing 30 years for your settlements in Bombay, you were influenced probably in some degree by the fact of that period having been generally adopted throughout Upper India for the term of settlement?—I really do not know what led to the adoption of that precise term; it is very likely that it was in consequence of its having been adopted in Upper India.

156. And you know, of course, that in the early part of this century, in the numerous settlements that were made in Upper India, shorter terms were almost invariably fixed?—Yes.

157. But is it not the case that they are never found to succeed?—That was the impression; the first proposal for the assessment in Bombay, was that it should be for 10 years only; but it was argued that if it was meant that time should be granted to the people to recover themselves at all, 10 years was not sufficient.

158. On the whole are you not of opinion that a less term than 30 years will hardly give encouragement to the occupiers to improve the land?—I should be sorry to see the term reduced as a general rule.

159. I do not know whether it happens in Bombay, but I daresay you have heard of what happened in Upper India, when there were short settlements, namely, that as the term expired and resettlements approached, the people used to throw their lands out of cultivation in order to get a lower assessment?—Yes, I heard that was the case; I made inquiry as some of the settlements in the Deccan approached the end of the term whether anything of the kind had been observed there, and I was told not. The contrary, I was assured, was the case in the Deccan.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

160. I have not had personal acquaintance with the Presidency of Bombay, but I have read a great deal about land tenure all over India, and particularly I have studied the minutes of Mr. Mountstuart Elphinstone and Mr. Chaplin, and other gentlemen, which appear in the Report of the House of Commons in 1832; and I also read a book by Colonel Sykes, a Member of this House, called "Statistical Report of the Land Tenure in the Deccan." You are aware of that work I presume?—Yes.

161. And the conclusion which I have come to, not only in regard to Bombay, but generally throughout India, is, that the village system at one period before the Mahometan invasion existed throughout India, and that the traces of it were at the commencement of this century principally discernible in the Deccan. I mean by the village system the same system as the merassee of Madras, and the coparcenary communities of the Upper Provinces. Is that your view?—A village system existed and still exists in great force in the Deccan; but I doubt whether it was ever, as far as I could trace it, one which bound the people together as one estate, dealing through one man with the Government.

162. I have read also the very detailed accounts that appear in the Report of the Fifth Committee of the House of Commons of 1812, on the merassee tenure of Madras, and I have also read a little work that was published by the present Secretary of the Madras Board of Revenue, and it is shown from these reports that the merassee or village proprietary system in the Madras Presidency (which comes running up to Bombay) was identical with the village copartnery system of Upper India; in fact you may take the descriptions given by the Madras collectors at the close of last century and the beginning of this, of the proprietary system that prevailed throughout Madras in a more or less perfect state, and you will find that where it prevailed perfectly the description is word for word applicable to the village communities of Upper India, to this day?—The merasdar tenures are known by that name throughout the Deccan, and in the greater part of the Bombay Presidency; they are even found as far as the northern parts of Scinde; but in the Deccan, in the districts bordering on the Madras provinces, merasdar signifies, as nearly as we could express it, a freeholder paying land tax to Government, a man who is absolute lord of his own tenure, but bound to pay a tax to the Government; they clearly in the Deccan acted together as the freeholders of an English village would act together, but there was no trace that I could discover of any joint liability.

163. But do you not thiuk that the absence of the joint liability is to be ascribed to the fact of these communities having been so impaired by the long course of war and the exactions of the Mahometan Government, and especially by their system of farming out tracts to speculators?—It did not occur to me that that sufficiently accounted for the fact, because in parts of Gujerat you found the same system side by side, in the next village, with brotherhoods, where the men were distinctly bound together by the same ties as you find in the North Western Provinces; I think in the Gujerat collectorates you could find the

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

the parallel of almost everyone of the tenures known in India, and the misgovernment that would have crushed out the system in one village could hardly have failed to have injured it in its neighbours.

164. We find the same thing in Upper India; you will find in the same district village communities flourishing in full vigour, and in another part of it the joint property and the community quite obliterated, because some races were hardier and braver, and particularly the Rajpoots, who clung together, and co-operated with one another, and kept out oppressors and spoliators, and preserved their system; but the weaker races succumbed?—Yes.

165. The Committee of the House of Commons of 1812, in their Fifth Report, came to a very decided conclusion about these proprietary communities in the south of India, and they said that just in proportion as the districts of Madras had been a short or a long time under the Mahometan conquerors, so the early Hindoo constitution of society was found in more or less vigour, and that in the southern districts of Madras (I think in Tanjore, which had never been under Mahometan rule at all) it was found flourishing and unimpaired?—The same process has taken place in parts of Bombay, notably in Scinde, where all traces of a village system were almost crushed out; they were still discoverable, but very faintly.

166. In Guzerat it seems to me that the talookdars, who are mostly descendants from Hindoo reigning houses, you said, at the present moment, very much resemble in their position the talookdars of Oude?—Yes.

167. Mr. Elphinstone, I gather from these papers attached to the Report of the House of Commons of 1832, was a great admirer of the village system, and was anxious to continue it if he could?—So am I of the village system, but not of one embracing any joint liability on the part of the cultivators.

168. That is what in Upper India we consider rather the essence of the village system, the joint and several liability, holding the whole community responsible in the ultimate and last resort for the default of one of the body. Is not that so in the Deccan?—The essence of the system in the Deccan, I should consider to be the general municipal character of the institution, and not any liability greater than that which attaches to all municipalities.

169. I think, in the last century, shortly after we acquired the territories in the Bombay Presidency, some settlements were made on the village system?—Yes, but they were not successful; the people seemed to dislike extremely being made responsible for the revenue liabilities of their neighbours, where it was not their hereditary custom.

170. As you are aware they made village settlements about 1812 throughout the Madras Presidency, and that broke down; but the failure is ascribed to over assessment and to not defining the rights of the subordinate holders?—Yes.

171. But in Bombay it equally failed?—Yes.

172. And you attribute its failure in Bombay rather to the weakness of the joint principle?—I think it was contrary to the genius of the people.

173. Each field is separately surveyed, I understand. Now a field is one thing to-day and another thing to-morrow, there being no permanent boundaries, and what is one field this year may be cut up into six next year, and what is six now may be thrown into one. How does the surveyor regulate the size of a field?—He asks the cultivator, and the Mhar who is the hereditary conservator of boundaries, what are the ancient boundaries of a certain plot, and very often he says that they are inconveniently large or inconveniently small, and he divides them or unites them, according to rules laid down for his guidance; a trench is thrown up at the corners and at intervals along the line of boundary, and the earth is thrown into a mound which remains for a very long time; and these are all marked down upon the village map.

174. Then, in fact, he regulates the size of the field by motives of convenience very much?—Very much, as a surveyor would in surveying an estate in this country.

175. But he could not throw two fields held by two separate people together, without their consent?—No, that would always be a reason against throwing them together.

176. Is it what you may call a block survey, so much land as the surveyor thinks should go together and can be conveniently put together?—It is more detailed than a block survey. In districts where rice is cultivated it descends to the individual rice fields, which are very often smaller than this room.

177. And the assessment is made by the surveyor and not, as it is in Upper India, by the civil officer?—It is made by a separate establishment attached to the survey officer, not by the measurer.

178. Mr. *J. B. Smith.*] Is not a hole dug in each field to ascertain the quality of the soil?—Yes, generally; the surveyor does exactly as a surveyor would in this country. If he sees by a bank or a ravine and by the appearance of the country that the soil is all of one uniform quality, he is satisfied. If he thinks that there is a considerable variety, he digs and sees what the depth of soil is, and he goes sufficiently far down to satisfy himself; then a certain proportion of these fields are afterwards gone over at a different time by a different set of valuators, and the valuations are compared; and if there is any error found the work is done over again by a more careful officer. It is a matter of judgment not of rigid rule, and, as in any other appraisment, of course it is very difficult to say what are the exact steps by which the value is arrived at.

179. Sir *Charles Wingfield.*] Is the village map and the field register altered annually to correspond with the changes in cultivation?—The village map does not show cultivated and uncultivated; the field register does, and that is altered annually.

180. Then it frequently happens that one man engages with the Government for so many fields, but really there are many others who are co-sharers with him?—Yes.

181. Then are their names all recorded too?—If they show good cause at the time of settlement.

182. In that case where one man engages for himself with several other sharers, then the settlement becomes an approach to the co-partnery system?—Of course it does when there are partners in the farm.

183. And those people who are partners are probably members of the same family or descended from the same stock?—Yes, generally brothers.

184. But

184. But no interference is practiced in Bombay between the person who engages with the Government for the revenue of so many fields, supposing he does not cultivate it himself, and the cultivators whom he employs?—No; if it is in his name, and he pays the revenue, no questions are asked, and if there is a dispute it must be settled in a civil court.

185. No tenant right is allowed to grow up in the Bombay Presidency against the party who engages with the Government?—No.

186. In that respect you differ very much from Bengal and Upper India, where they allow a right to grow up after 12 years?—Yes.

187. But in Bombay it has never been alleged that there is any necessity for interfering between the cultivator and the parties whom he employs?—On the contrary, evil has been found to result from taking those questions out of the hands of the courts.

188. It is a civil action, in fact, and the revenue authorities have no summary power of interference?—No.

189. And that you think a sound system?—It is certainly found to work well, and I should consider it theoretically sound.

190. When this settlement was first made, or rather the settlement prevailing in Madras and Bombay, it had the effect, had it not, of putting cultivators and proprietors very much on the same footing; if there was more land than the proprietor chose to take, the cultivator could engage for it himself, with the State, and he became then quite the equal of the proprietor?—In the Deccan, almost invariably the cultivator and the proprietor were the same man. The proprietors in the Deccan, in nine cases out of ten, are of the cultivating class, and even when they are chiefs of the village, they take a pride in holding the plough, and in being cultivators.

191. But still, even where the community are a cultivating community, it does happen in almost every case, I presume, that some of the proprietors, for some reason or other (for instance, because they are women), do not cultivate themselves, but employ cultivators?—Yes.

192. And, therefore, where you come to adopt the Ryotwaree system, it does happen that if there is more land than the proprietors care to engage for, the cultivator is allowed to engage for it, and then he is put in equal position with the proprietor?—Yes; but in practice it is found that it is only in densely populated districts, where there is very little waste land, that there are cultivators who are not proprietors and who are not under special agreements with the proprietors.

193. I understand that that is the case now; but fifty years ago, when these settlements first began, half the land was desolated, and the difficulty was to get the people to engage?—Then there were no cultivators who were not proprietors, because there was so much waste land that any man could get his own land; everybody, with the rarest possible exceptions, had a field to which he belonged, as they would say, not a field which belonged to him but to which he belonged, and it was his duty, if ever it was made possible for him to cultivate it, to go back to that field and cultivate it.

194. But then it is well known that whenever the better times returned, and the proprietors came back to their land, these cultivators all gave way and allowed the landed proprietors to resume possession?—Yes.

195. In short, under the system in Bombay, one right only in the land is known, that is a full right of property, subject to the payment of the Government demand?—I should be sorry to say only one right is known.

196. I mean where this system prevails the party who engages with the Government is the only one who is recognised as having a right?—Yes.

197. *Chairman.*] When the Government has been the holder of the field the rights of the occupants are recognised in the grant, and specified now always, are they not, in a schedule to the grant?—Yes.

198. Therefore, in point of fact, in receiving the revenue from the whole of the village, the Government equally recognises the rights of every occupant?—Yes.

199. Sir *Charles Wingfield.*] I will put the question differently. Whenever a party engages to Government for the revenue of certain fields on his own account only, or on his own account and on behalf of others, he or they are the only recognised proprietors in the land?—Yes, those whose names are down in the village books.

200. And I want to draw from that this deduction, that this may perhaps be considered one of the recommendations of the system, that you have not a multiplicity of rights in the same land?—Yes.

201. You have no upper proprietary right, under proprietary right, cultivating right and occupancy, as we have in Upper India?—And still more in Bengal. In Bombay there is no such multiplicity of unrecorded rights.

202. In fact, you arrive at simplicity of tenure?—Yes.

203. Mr. *Birley.*] With regard to these three systems of assessment, that is to say, with an individual cultivator, with a village, or with a district, do you settle with all upon the same principle, or do you allow an advantage to the village as compared with the individual, or *vice versâ;* should you give any advantage in settling with a village in regard to the terms of assessment as compared with an individual?—No assessment is, as a rule, made with the village.

204. They are all taken as individual holdings, are they not?—Yes.

205. But the revenue is merely collected and paid by the head man of the village, or the proper authority of the village?—Yes.

206. Then as regards the district, which I understand is often the inheritance of some native chief, is that allowed any advantage in the assessment?—It depends entirely upon the original agreement; some of them were men almost on an equality with the sovereign who made the grant.

207. Those will come often into the cases of military tenure?—Yes.

208. Did I rightly understand you to say, that some of those cases of military tennre are so trifling that the persons are never called upon at all to fulfil their engagements?—No, they are called upon; but I know several cases where the obligation is only to furnish two or three horsemen.

209. Would they be required to furnish those horsemen?—Yes; they would be required periodically to do service.

210. You spoke of an expected increase at the next settlement, in proportion to the increased value of produce; I suppose there will also be a

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

proportionate increase from the improved cultivation of the land?—There will be some increase, no doubt, just as Fifeshire now pays a better rent than it did 50 years or 100 years ago.

211. Now, as regards the assessment for a term of 30 years, is it not your opinion that it was of great importance that that period should certainly not be reduced as giving confidence to the cultivator in the moderation and equity of the British Government, and not disturbing or unsettling their minds?—Clearly; I think that there is no magic in a particular number, but that, as a matter of judgment, a term of 30 years has been found to answer well, and that its success can be accounted for.

212. And it has been useful in a political sense as well as in a financial sense?—Decidedly; I may mention that Lord Napier of Magdala spoke of the cultivators of these Deecan districts as being the most contented agricultural population he had seen in India.

213. Mr. *Bourke.*] You have spoken of the rent-free tenure; is the land that is held under this rent-free tenure, held rent-free for ever; is it supposed to be perpetual?—That depends upon the peculiar agreement under which each holder holds; it varies, and a few are for ever.

214. Now with regard to the surveys to which you have alluded, is the tax to which these lands are subject, marked upon the survey?—There is the map and the survey papers, and a return of the size of the fields, of their quality, and so on, and the assessment is marked on the latter.

215. And are there evidence maps of ownership at all in any courts?—Yes, all the survey papers which are officially issued by the surveyor are received as official evidence in the courts.

216. Is there much difficulty in collecting the land tax?—Now there is none whatever; there used to be very great difficulty.

217. When there is any question about it, in what court is it decided whether a man is subject to the tax that is demanded from him or not?—The Collector decides; there is power of recovery afterwards of what has been erroneously paid.

218. Mr. *Beckett Denison.*] Is your answer with reference to the whole, or to the land-free tenure merely?—I was answering the latter question with regard to the whole of the tenures.

219. Mr. *Beach.*] Do the villages vary materially in size?—Very much indeed; I know one village of 22,000 inhabitants; and they vary from that to a single house.

220. Are the same number of collectors necessary in a small village and a large one, because you stated, I think, that 12 village officials were necessary to collect the revenue?—The 12 village officials are hereditary village officials, and they are considered commonly by the people as the proper complement of a properly equipped parish; of course they are not complete except in a large village; and in a very large village, such as I have mentioned, or even in one where there are more than a couple of thousand inhabitants, you would have more than 12; for instance, in some very large villages the notary has two or three assistants, and the village itself is divided into wards, and each ward is presided over by a sort of sub-head man, subordinate to the head man.

221. Then are they remunerated higher in these important villages than they are in the smaller and unimportant ones?—Yes; there is a scale of remuneration for those who are considered essential to the Government work in the village, such as the head man, the notary, and one or two others; the others are left to be paid by the villagers very much at their discretion.

222. In exceptional years, such as a year of famine, the land revenue of course is reduced?—Yes.

223. How is that scale of remission settled?—By the discretion of the Collector in a surveyed district; the effect of light assessment in mitigating the evil of seasons of scarcity has been very marked, and the cultivators in such districts have tided over what would otherwise have been years of famine without asking for remissions; they do not voluntarily ask for remissions, because it is always an admission of the power of Government to interfere with them, which they would rather avoid if they can. But if it is a very severe season, and the Collector reports that remissions will be necessary, he is then authorised to go or send a subordinate to the spot, as a landlord would send a person in this country to see what abatement in rents was necessary.

224. When a 30 years' lease is given to certain persons, the proprietor or the cultivator, is it understood that at the end of this lease he has a claim for renewal, or is he a mere leaseholder for that period?—No, he has a claim for renewal, and the lease will be renewed with him, unless somebody else in a court of law establishes a better claim.

225. By way of claim to the previous occupation of the land, you mean?—It would depend upon the circumstances; the claimant might prove wrongful possession in any way, and be put in possession of his rights, but it could only be done by a decree of the civil courts.

226. Then it is considered a sort of hereditary right on payment of the necessary tax to Government?—Yes.

227. Mr. *Fawcett.*] The land revenue of India may be divided, I presume, into two portions, that which is fixed now, the amount of which can never increase or decrease, and that which is not so fixed; the permanent settlement is fixed in pecuniary amount for ever, is it not?—Yes.

228. What portion of the aggregate revenue at the present time, derived from the land in India, is derived from the permanent settlement?—I find in this return (which however only comes down to 1851-52) that three and a half millions is entered as the land revenue of Bengal, which, roughly speaking, may be taken as all permanently settled. There is also a portion of the revenue of the North Western Provinces; I am not sure what portion is there permanently settled, but I should think that the whole is about something more than four millions, probably.

229. Then approximately one-fifth of the land revenue of India is derived from that settlement?—About that I should say.

230. The only chief means of possible increase in the land revenue of India that you have alluded to arise from an increase in prices?—Yes; the chief means.

231. But as the improvement of prices increases the amount of the land revenue at the same time, the expenses of Government necessarily increase in a corresponding ratio, do they not?—Clearly.

232. Then the gain to the Government arising from any increase in revenue produced by that cause is not a real gain of revenue, but simply a nominal

nominal gain, is it not?—That depends on the Government; if it is a good Government I should say that they would manage to keep their expenses somewhat lower than the increase of their revenue, but all depends on the judgment with with which the Government acts.

233. But there are considerations which show that the expense of the Government would increase in a greater ratio than any increase which you could get arising from the increase of prices from the improvement of the land, are there not?—No, I am not aware of them.

234. For instance, unless the Government were prepared to let all its employés deteriorate in condition, its civil servants, soldiers, and all the people dependent on it, it must raise their wages exactly in the ratio of the increase of prices, must it not?—Yes, that is one element.

235. But then, on the other hand, you stated in your evidence, did you not, that if prices doubled you cannot double the rent, you can only raise the rent, but in nothing like the same proportion?—Yes, you would always be obliged to keep it something under the increase of prices.

236. And therefore the increase in the revenue from the land does not proceed at the same rate as the increase in the expenses of the Government, so far as a considerable portion of the expenditure is concerned?—Even that must be taken with limitations, because you may expect that as the country prospers you may do with fewer soldiers; that has been notably the case in India. Though our own English military expenditure has increased, the aggregate expenditure upon men who are merely serving as soldiers in India has probably very materially decreased.

237. But do I rightly understand you, that the aggregate expenditure upon the army in India has decreased with the rise of the prices of commodities?—No; I am merely saying that as the country improves you may expect to keep your military expenses from increasing so rapidly as to overcome the difference between the proportion at which your revenue increases and the proportion at which your expenditure increases.

238. But am I not right in saying that the experience of the past up to the present time is entirely antagonistic to that theory?—We can only be said to have had a very few years' experience of any kind, and we are only at the beginning, it seems to me, of a system for the permanent Government of India.

239. But considering that there has been a great rise in prices during the last 10 or 15 years, as you admit, what is it which leads you to say that with that rise of prices expenditure has diminished; is it not exactly the contrary?—No, expenditure has not diminished; but new sources of revenue arise, and on the whole the Government ought not to be poorer or put to greater straights than it was when it was in a comparatively rough state.

240. No, it ought not; but the point that I want to come to is this, you look to an increase in the land revenue as mainly arising from the increase in prices?—Yes.

241. And that increase in prices must at the same time cause an increase in the charges in many of the items of Government?—Yes.

242. And, therefore, an increase in the land revenue, considering it as a question of revenue and expenditure, is more nominal than real, as representing advantage to the country?—No; it is a considerable increase upon a very large item of revenue; upon an item of revenue which forms two-fifths of your whole revenue, and a greater rate of increase than there ought to be upon the comparatively small number of items of expenditure.

243. But the point which I want to bring out is this, the land revenue (I will put it in general terms) represents about two-fifths of the whole revenue of India that is favourably affected by any increase in the prices of commodities?—Yes.

244. The items of expenditure which are unfavourably affected by an increase in prices at least correspond to two-fifths of the expenditure of India do they not?—I should say not. Take for instance the large item of military expenditure, that at present stands at 16 millions. I believe that notwithstanding the increase in the pay that is necessary to be given, and all the other expenses of your soldiers, it is possible to reduce that expenditure: and I believe that though your military expenditure will increase in proportion more rapidly than your land revenue, still you might keep it within such dimensions as to be easily met by the increase of land revenue and those new sources of revenue which, as the country prospers, are created.

245. That comes to a question of policy; but you cannot tell for certain but what you may have to keep a larger army there. But I ask whether it is not the case that, leaving those questions of policy out of consideration, and putting it simply as a question of account, and assuming that the military expenditure is as large, and the civil expenditure is as large, the increase of prices which favourably affects the land revenue, will, at least, to a corresponding extent unfavourably affect the expenditure?—Some branches of it. But I cannot admit that it is possible to separate the question from one of policy.

246. I want now to direct your attention to another point. With regard to an increase of prices, so far as one-fifth of the land revenue is concerned, the increase of prices there is entirely disadvantageous to the revenue, because you cannot increase that portion of the revenue, and although you cannot increase that, the increase in the cost of collection from having to increase the pay of the civil services, and the other services will be constantly going on, will it not?—You cannot increase the land revenue of a permanently settled district, but you may increase your receipts from other branches.

247. But I understood that we were confining ourselves to the land revenue now?—If you had no resource for the state but the land revenue, then I admit that you are in a bad way when prices are rising; but as the actual fact is, that every rise of prices creates new sources of revenue, I do not think that there is any cause for supposing that the rise of prices will make it more difficult to manage the country upon your legitimate resources than it is at present.

248. But confining our attention for the moment to the revenue derived from the permanent settlement which represents one-fifth of the whole revenue derived from land in India, that revenue is constantly being depreciated at the present moment in value, is it not?—I do not quite see that.

249. If you derive four millions from a permanent settlement at a fixed charge upon the land, and that four millions only represents,

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

owing to the prices having doubled during the last 15 years, half as much in value, half as much commodities or purchasing power as it did before; it is virtually depreciated one-half, is it not?—Yes, if everything rises in value in the same degree; but it seems to me that the supposition is an impossible one. With a rise in the prices of food, for instance, and agricultural produce, there must be a fall in other things, and besides that a permanently assessed revenue which is paid with difficulty at a time of low prices, is of course, a very much better thing than in a time of high prices, when it is easily paid.

250. But that does not at all represent my point. There is no doubt that there has been a great rise not in the prices simply of agricultural produce, but in the prices of all commodities. Owing to circumstances which need not be entered into now, there has been an enormous inflow of silver and specie into India during the last 15 years. It does not require demonstration that that must have depreciated the value of silver which has caused a rise in prices. Therefore the amount derived from the permanent land settlement represents a smaller purchasing power than it formerly did, does it not?—If you are limited to your land revenue that is so.

251. Do you think it necessarily follows that an increase of prices indicates greater prosperity in the people?—It is generally one indication, of greater prosperity. It may be an indication, of course, of extreme distress.

252. Are the facts conclusive which show that wages have risen in a greater ratio than the increase of the price of the commodities that the labourers consume in India?—As far as I could ascertain it was clearly the case that the labouring man who had nothing but his labour was in a vastly better condition since prices began to rise. He got so much more for his labour that he was able to live better and clothe himself better.

253. In some districts has not the general condition of the people suffered owing to the opening of European markets, and a great amount of capital and labour being devoted to the growth of European products which before was devoted to the production of food for the people?—No; I have always, as far as my observation goes, found that there was no ground whatever for that belief, except where the communications were very imperfect. Where the communications were very imperfect, there, of course, this sort of process occurred; there was a depletion of food at the time when the prices of other produce, oil seeds, or cotton or jute, or exportable produce, were high, and that produce was drawn from the country; and then if a period of high prices and short crops suddenly supervened, the bad communications prevented food coming in from a distance. But where the communications were good, there the laws that you find in operation in Europe told also.

254. But you say that this tendency to deteriorate the condition of the people has really taken place in districts where the communications are bad; are not the communications bad over a very considerable portion of India?—They are very much better than they used to be; but still very much worse than they might and ought to be.

255. I know that they are better, but over a considerable portion of India they are still very bad, are they not?—Yes.

256. Therefore this deteriorating influence on the condition of the Indian people has operated very widely, has it not?—The change in prices does not penetrate very far into the places where the communications are bad.

257. You referred to levying a cess upon land for local purposes, such as education, and making roads; but supposing that you obtain so much from cess it ultimately represents so much deducted from your land revenue, does it not?—I think not, because it does not follow that a shilling which is taken for a special improvement such as making a road or for keeping up a school could be taken if you did not do something for it.

258. But you, in adjusting your land revenue, consider what the land has been accustomed to pay and what the tenants can afford to pay, do not you?—Yes.

259. Suppose that you take this case, you have to come down to re-adjust the land revenue on a particular field in Bombay, the land revenue previously paid has been 4 *l.*, and there is a cess levied upon it of 1 *l.* That is, virtually, a land revenue of 5 *l.*, because if it was not for that cess of 1 *l.* you could raise the revenue to 5 *l.*, and leave the tenant in exactly the same position as he would be in if there were no cess, could not you?—No, I think not. The case is quite possible that you may be able to levy your 5 *l.* only on the condition that you make a road or keep open a school.

260. But you define land revenue, do you not, as rent, not as a tax?—It is a portion of the rent.

261. And you try to adjust the rent in proportion to what you think the tenant can fairly bear?—Yes.

262. And cess is rent too, is it not?—Yes, in that point of view of course it is.

263. Therefore, looking upon land revenue and cess as both being rent, it is simply the cutting one item into two?—No; in the one case you take actually the whole from the country, and give a man back nothing; in the other case you give him back the means of carrying his produce to market, or the means of improving his condition and producing more.

264. The land revenue during the last 10 years (I will take that period) has not increased at all in proportion to the general expenditure of the country, has it?—It increases much more slowly; there can be no increase in any given village during the currency of the 30 years' settlement.

265. Therefore, from that reason, considering that a considerable proportion of the land in India is permanently settled, and that a considerable portion of the land is on a 30 years' lease, you may say that until 30 years has elapsed, or a very considerable period has elapsed, it is an inelastic source of revenue, may you not?—No.

266. To a certain extent?—It is absolutely inelastic, if you take it alone in a permanently settled district; but in the districts which are settled on 30 years' leases, some of these leases are falling in every year.

267. But as a fact, during the last 10 years, I am correct in saying, am I not, that the increase in the expenditure has been four times as great as the increase in the land revenue?—I am not certain as to the proportion, but it has been much greater; I have no doubt that by referring I could give you the proportions.

268. Would you also furnish the Committee with

with the increase not only in the general expenditure of the country compared with the increase in the land revenue during the last 10 years, but with the increase in the cost of collecting the land revenue during the last 10 years?—Yes.

269. Mr. *J. B. Smith.*] Where the assessment is on a 30 years' tenure, supposing that a man has laid out a considerable sum in building, is he assessed for the improvement which he has made, or is he merely assessed for the increased value of the land?—He is merely assessed for the increased value of the land.

270. Now, as regards this settlement for 30 years, is it considered as a law or an understanding that it is a perpetual tenure, to be re-assessed at every 30 years?—Yes.

271. And that kind of tenure, as I understand you, has given the greatest satisfaction?—Yes.

272. And led to a greater amount of improvement than any other tenure?—The feature which gives satisfaction is the fixity for a term of years, and that extends to all tenures which are so settled.

273. Thirty years is a period which is much approved in India?—Yes.

274. And the cultivation of the land has very much increased where it has been let on that tenure?—Very much indeed.

275. I think you said that you approved of the principle of some tax being laid on the owners of land for the making of roads or railways?—Yes.

276. Now in case you levy a tax upon the occupier of land for a road or for a railway, at the end of 30 years that land has very much increased in value?—Yes.

277. Then you raise his assessment?—Yes.

278. Does not he pay twice; first he pays for the improvement, and then he pays in an increased rental?—I should make a distinction in the first instance between payment for roads and payment for railroads; with regard to roads the improvement is practical and immediate; with regard to railroads it is more distant, and a subject which I should think it unwise to press upon the country at present; but with regard to the effect to which you have alluded, I do not see that the man pays twice; he pays generally in the way of assisting the Government to make communications, and by those communications he increases the value of his property in perpetuity; a portion of that property, that is the land in which he is interested along with Government, acquires an increased value, and the Government interested in the land in partnership as it were with him, also shares, it seems to me, the right to benefit; bearing in mind also, that, as the natives of India are always ready to admit, the interests of the Government and the people are in the long run identical.

279. But now in the cases of Bengal where there is a permanent settlement and where the lands as in other places have been very much increased in value by railways; do you think that the owners of the land ought in justice to contribute to that improvement, or should they pocket the whole of the benefit for themselves?—I do not see why they should not contribute.

280. Would that be considered a breach of the conditions of the permanent settlement?—I should not consider it so; I have looked into that question very carefully, and it seems to me that any demand for a cess that applied to road-making in Bengal would clearly not be in contravention of the terms of the permanent settlement.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

281. It would seem to be just that they who have benefited by this outlay should contribute something towards it?—Clearly.

282. Do you think that it would meet with opposition in Bengal?—No tax is popular.

283. Mr. *Lyttelton.*] I do not quite understand the position of the village community as regards the collection of this tax for the Government; I understood you to say that the village is "the unit of settlement," but that the community is not jointly liable for the tax?—No.

284. The village authorities are made use of by the collector for the purpose of collecting the tax?—Yes.

285. How is it that the village corporation, as I may call it, is not liable in the same way as a corporation in England is liable for the county rate?—Because it is not in their bargain; they are a corporation for special purposes, and it is no part of their agreement that they should pay one another's debts.

286. Then what happens when a village does not provide its proper quota of land-tax?—The individual cultivators are responsible, and the Government has ample means for recovering from the crops.

287. Then the liability is, in fact, always individual as far as possible?—Yes.

288. It is only as a matter of convenience that the village authorities come in at all; they are not in any way liable as an English corporation is liable for county rates?—Not in the least; they are a corporation only in a restricted sense for special purposes, and the payment of one anothers debts is not one of those purposes.

289. Then the State, in fact, stands, as far as this tax can be considered as rent at least, in the relation of a landlord to each individual proprietor?—Yes.

290. May I ask what mode of recovery the collector has against the individual who does not pay?—He has power to attach the crops.

291. And does that often happen?—It used to happen frequently; it happens very rarely now in a settled district.

292. You do not see yourself any political danger with regard to the power of duress in the intimate relations that exist between the State and the proprietors of the soil?—Not the least; there was none when the power was very freely and sometimes harshly exercised, and there can be none now that it is very rarely exercised, and only in exceptional cases.

293. I understood, from a question put by Sir C. Wingfield, that a village community is liable for its land-tax in Bengal, is that so?—Yes.

294. But you do not consider it advisable to introduce a system of a more extended responsibility in the Deccan?—No; I think, as a general rule, the most advisable course is to take what is the old custom of the country; if it is one of joint responsibility, then take that; if it is one of individual responsibility, then adhere to that; and do not attempt, because we think it good, to introduce one particular system into a country where it is not customary.

295. I understood, from the general tenor of your evidence, that the land-tax was equitably levied, and did not create a feeling of oppression?—Certainly; it is universally considered, I think, as the one right of Government that is never disputed.

296. Mr. *Eastwick.*] You mentioned a district,

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

24 March 1871.

the revenue of which was 15,000 *l.* a-year; I should like to know the name of that district?—Inderpoor.

297. And you mentioned, also, certain districts in which the re-assessment has begun; what are those?—Inderpoor was one of the first.

298. Do you know at all whether the native Governments, in collecting the revenue, fixed any per-centage or any share; did they proceed on the basis of fixing a certain share that they were to have of the produce?—There were such shares laid down in their religious books, but they are never observed or practised.

299. Then what system could they proceed upon; they surely had a certain per-centage, had they not?—No, they generally took as much as they thought they could safely levy.

300. They referred to what had been taken before?—Yes, and they took all reasonable opportunities of enhancing it.

301. And have we adopted the system of taking what was taken before rather than taking a certain per-centage? — Our system (I am speaking now of Western India generally) was that laid down by Mr. Elphinstone, namely, to examine as far as possible what in the estimation of the people was the best time known to them, and, as far as possible, to take that as our model and not to exceed it, and in all possible cases to bind down the Government against exceeding its demands; and where there was a doubt to give it in favour of the cultivator.

302. And, I suppose, it could be shown what per-centage of the produce we really do take?—Yes; that could be shown in any individual case, but no individual case would give you much information with regard to the rest.

303. A general average could not be taken?—I should think it extremely difficult to get a general average, even of a district; you might, of course, take it in this way; you might make an estimate of the total produce of a district, so much wheat and so much other produce, and contrast that with the total land revenue; but even then there would be a great many sources of error.

304. Then it is impossible to say that 30 per cent. or 50 per cent. of the revenue is payable to Government in the Bombay Presidency?—I think you could tell what it did not exceed, but it would be very difficult to get at very accurate results.

305. In your opinion what would be the limit that it does not exceed for the Presidency?—As to the actual fact, I have no opinion on the subject; it is one of which I consider that the statistical elements of a very accurate judgment are wanting.

306. As to the payment of the village officials, is that taken as a per-centage on the rent that the Government receives?—Yes, it is so regulated; in a village which pays so much to Government the head man gets so much per cent.; there is a scale for the head men, a scale for the notary, and a scale for the mahr who is the boundary marker, and from that is deducted whatever they may have had in rent-free land, and the balance is paid them in cash.

307. Do the Government accounts show that?—Yes.

308. And does it vary all over the country, or is it the same per-centage in every village?—It varies slightly in different places.

309. But I suppose it could be stated at something near the exact fact what the per-centage is for these village officers?—I could give you examples of many cases.

310. Would you have the goodness to furnish them?—Yes.

311. I suppose it would be a fair way of ascertaining the net return of the land to deduct the per-centage paid to the village officers, and also the expenses of the different employés, and further, also, a part of the European collector's pay, because all that is to be deducted from the land?—The collector in Western India is collector and magistrate also, and a certain portion of his pay, for the sake of account, is debited to the Revenue Department and a certain portion to the Judicial.

312. Mr. *Denison.*] About one-half to each department?—I think about one-half.

313. Mr. *Eastwick.*] But all that would be shown exactly?—Yes.

314. Do you see any way at all of reducing the expenses of collection? I suppose, for example, that the re-assessment would be much cheaper than the first assessment?—It will be somewhat cheaper; but I should think not to any great extent. There must be a saving in several respects; but I do not think that the re-assessment has gone on sufficiently long to enable you to say exactly how much.

315. Do you think that the number of officers to whom payment is made could be reduced; do you think, in fact, that our staff is too numerous?—A great portion of the work, no doubt, will not require to be done over again.

316. I think you did not say anything about the different tax which is imposed upon different kinds of land, or rather upon the different sorts of produce that is cultivated. There is a different tax upon certain land, is there not?—Where the land is irrigated, then there is an extra cess.

317. Do not they class specifically garden land, which pays so much more?—Yes.

318. And I presume sugar-cane would pay so much more?—No; there is no change in the assessment according to the crop.

319. Whether opium, for instance, or tobacco was cultivated, they would all pay the same?—Opium is not cultivated within the Bombay Presidency; tobacco would pay the same as any other crop growing in the same field.

320. I suppose that the great change in the state of the roads has been since the great advance in the cotton cultivation; that was the time when they were recovered out of their distress?—I think it began before that; I think they were at the worst perhaps about the year 1840, and from that time there has been a gradual improvement.

321. To what do you attribute the improvement?—To a variety of causes; to better communication, to a great importation of silver, and to the land assessment being settled; but, as I mentioned before, I look upon railways and such roads as have been made, as among the greatest causes of the improvement in the condition of the people, notably by enabling them to carry their labour to different markets at times when they do not require it in their own fields.

322. I have seen it stated that the increased cotton cultivation was the principal cause of the wealth of the ryot; is that so?—The rise in the price of cotton gave an immense impulse to wages, and to industry of every kind.

323. And was it found that cultivation of waste lands extended very much after the rise in the price

price of cotton?—The land that was waste at the time when the American war broke out was only to a small extent capable of producing cotton; the great breadth of land which was employed to produce cotton had previously produced other crops.

324. Do you think that it is known at all how the cultivators invested their savings from this cotton period; was it that they cultivated fresh land, or that they deposited the money anywhere, or that they laid it out in the ornaments of their women, or in what way?—In almost every way; they paid off a vast amount of debt. I saw communities which appeared hopelessly in debt before, where they assured me that they were clear of debt after three or four years of the high prices. They bought land and agricultural stock; they hoarded some money, but not, I think, very much; they very generally bought metal utensils where they used to use earthen ones; they bought better clothes, and they put a very considerable sum of money into what is their savings bank, *i.e.* the ornaments of themselves, their wives, and their children, which are generally of pure metal, gold or silver, and which are sold in times of distress, just as a hoard would be drawn from any other source.

325. And do you think that the system of advances is nearly extinguished now?—The system of advances is, but the bankers are thriving like other portions of the community, and I hope will continue to thrive.

326. I want to get at whether the system which was so exceedingly injurious to the cultivators, that of making advances at very high interest, may now be considered to have passed away?—It is very much limited, it will probably never pass away, but it is very much less common than it was then, and more men deal than formerly dealt with their own money, and have money to spare instead of being obliged to borrow.

327. In the Bombay Presidency has that matter been considered at all, about which there has been some considerable discussion, as to the not using of manure by the native cultivators, the manure being all used for fuel?—Yes. The best classes of cultivators generally in Western India are well acquainted with the value of manure, and they use it when they can get it, but owing to a long course of poverty in a great many cases, they have got out of the habit of using it, and I have no doubt that there is as much room there as in England for every kind of agricultural improvement connected with high farming; I believe that they would take to it, and perhaps more readily than our English farmers do. There is a great waste of manure in fuel owing to the want of firewood in the country; the forests have been recklessly cut down, and there has been generally a great want of firewood; measures have been taken for several years past to supply that want by planting fuel reserves, and they have been of late years very much systematised and extended, but they are still far short of what is necessary and desirable.

328. We may fairly look forward, you think, to a very great increase of produce, when a proper system of manuring is adopted?—Very great; I believe that there is quite as much room there as in any European country for agricultural improvements of that kind.

329. Did you quite complete the statement of the agricultural divisions of the country; do not we derive some revenue from the land in Kattywar?—Yes, that is in the form of tribute.

330. What per-centage do we get from that?—I think we get about 22 lacks of rupees, 220,000 *l.* altogether, from that province.

331. Is that susceptible of increase, or is it a stereotyped sum?—That is nearly all fixed.

332. Do we derive anything from Mandavee?—We do derive something, but I am not sure what.

333. You have now stated everything that we get from land?—Yes.

Tuesday, 28*th March* 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Eastwick.
Sir Thomas Bazley.	Sir James Elphinstone.
Mr. Beach.	Mr. Fawcett.
Mr. Birley.	Mr. Hermon.
Mr. Bourke.	Mr. Lyttelton.
Mr. Cave.	Mr. McClure.
Mr. Cross.	Mr. John Benjamin Smith.
Mr. Beckett Denison.	Sir David Wedderburn.
Mr. Grant Duff.	Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Sir HENRY BARTLE EDWARD FRERE, K.C.B., G.C.S.I., recalled; and further Examined.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

28 March 1871

334. Mr. *Beckett Denison.*] YOU stated to the Committee that the gross receipts of the land revenue of the Bombay Presidency are in round numbers three and a half millions. Can you say off hand what is the proportion that Scinde bears to that?—I am not sure whether the returns here give it, but I could easily get that.

335. And Canara?—And Canara also.

336. Canara has been twice transferred, once originally from Madras to Bombay, and then back again to Madras, has it not?—I think that it has only been transferred once, about eight years ago, from Madras to Bombay.

337. With reference to the cotton trade?—Partly that, but more with reference to general geographical distribution, I think.

338. Is not the communication with Canara almost entirely by sea?—From Bombay it is principally by sea?—The communication with the interior is very imperfect. Of late years roads have been made, but I do not think that one of them is thoroughly finished yet.

339. Do you happen to know whether, for the purposes of Government, that is to say, for the expenses of Government, we have to import coin into Canara?—I should think not.

340. Are there no troops there?—There are no troops there.

341. It might be the other way, that Canara sends some of its surplus to the land revenue?—I have very little doubt that that is the case.

342. Either to Bengal or to Bombay?—Yes; I may mention that Canara is opposite one of the gaps in the great barrier of the Western Ghâts, which gives an opening into the interior. The causes of the bad communication are less those of the difficulty of the mountain range than the thickness of the forest.

343. I suppose that we shall come to that subject at a later period of our investigation. You have mentioned also Bombay and Salsette; what are the land revenues in Bombay and Salsette, exclusive of Bombay Proper?—I could not put my finger upon that immediately, but I will furnish it.

344. What I want to arrive at is this; is the position of the Government, as the superior or supreme landlord, exactly the same in Salsette and Bombay Proper as it is in other parts of the Presidency?—No, the position is very much modified by old Portuguese tenures, and by modern English tenures, which have been introduced to a great extent within the limits of the late Supreme Court, the present High Court of Bombay.

345. Has any portion of the revenues of Bombay Proper been made over to the municipality of Bombay: I mean of what was the original land revenue?—I think not, but I could give you the exact sources of the municipal revenue if you would allow me to refer to the returns. Portions of land have no doubt been made over, but I do not think any considerable portion of our land revenues has.

346. You told the Committee, that in the assessment of the land revenue of Bombay, there was no well-defined principle on which it proceeded; but that the revenue was fixed, in your own words, I think, upon the local opinion of what each plotter was able to pay?—I think I was misunderstood if I was supposed to say that there was no principle. I said that there was no definite fixed proportion, either of gross produce or net produce, or of rent; but a varying proportion was taken of what would form the rent, if it were calculated according to strict economical principles, a proportion varying from the very lightest to the very heaviest payment.

347. But for the purposes of statistical comparison, are there no data upon which we could rely, enabling us to compare the incidence of the land revenue in Bombay with any other part of India, or with any other country in the world?—Yes, I think there are. I should doubt the possibility of striking such an exact proportion as your question seems to indicate in almost any country; certainly, only in countries where the statistics of agriculture are kept with unusual care.

348. Approximately, I think it has been done in other parts of India?—I have tested a good many of those comparisons, and I have generally found them open to very grave sources of error, and very often very misleading. But the point of comparison, which I think practically is the safest, is the condition of the people before and during a settlement; and that seems to me almost the only test you can apply, even in such a highly civilise

civilised country as England, where you have comparatively very accurate statistics, and where you can rely upon the voluntary statements that are made to you much more than you can in India.

349. Previous to this 30 years' settlement, the settlement of Bombay was an annual one, was it not?—Yes.

350. For the whole year or for each harvest?—For the whole year.

351. Then the agreement with the owner of the field or with the cultivator, was made in the spring of the year, I suppose?—It was generally made about June or July.

352. Previous to the rainfall?—Previous to the rainfall; that is to say, the sum which, supposing the season turned out favourably, would be the man's assessment, was entered against his name in the village books.

353. And under that old system was the amount of revenue at which he was assessed calculated upon the probable out-turn of the year of his field, or upon the out-turn of the past year?—I am speaking very roughly; but generally it was calculated at the very utmost, that he would be able to pay in an extremely good season.

354. How many instalments of Government revenue are there in the year?—They varied formerly, and they vary still according to the crops. There has been considerable relaxation of the old strict rules since the people got easier in their circumstances, and paid with greater facility. Generally, I think, at the time that these settlements were first introduced, they began about November, and after that, they were almost monthly up to April or May; and there was generally one or sometimes two after that.

355. Arranged, I suppose, with reference to the facility of getting produce to market?—Nominally; but the arrangement was very imperfect, and it was generally rather hardly calculated, so as to catch the cultivator without leaving him much chance of making away with his crop.

356. You told the Committee that under the old system processes of duress were very common?—The attachment of the crops was extremely common.

357. Attachment of the standing crops?—Yes; and sometimes personal oppression was found to prevail to an extent which showed that the pressure upon the cultivator was really cruel.

358. Have you any sort of idea of how many hundred thousand proprietors in Bombay are in direct agreement with the Government for their land revenue?—I could refer to returns, and give the Committee a tolerably accurate idea of the number.

359. Balances of land revenue are comparatively rare under the present system, are they not?—At present they are very rare; they used to be very heavy.

360. And the absence of processes of duress, and the absence of balances of land revenue, would argue a comparatively comfortable state of things on the part of the agricultural community, would it not?—Certainly.

361. Do you happen to know whether the transfer of lands to bankers and others is less common than before?—To bankers it is less common, but the land has a marketable value now, and is sold, to a great extent, by one cultivator to another. On the most careful inquiry 35 years ago, I could, in some of the districts I refer to, find no trace of transfer by sale.

362. Speaking generally, have the people who have direct engagements with the Government for their land revenue, the right of sale and mortgage?—Generally,

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

28 March 1871.

363. There are, of course, exceptions to that rule in copartnery communities?—They are very rare. There are a few exceptions, but wherever a man has a definite right entered in the village books, with very rare exceptions he can sell that right.

364. Is it usual, or is it the practice, to take a distinct written agreement from the proprietor or owner of a field for the amount of the revenue that he has to pay?—No; the practice of taking separate agreements annually has fallen into complete disuse.

365. I am not speaking of annual agreements; but at the time the settlement is made, does the settlement officer take an agreement from the individual to pay so much annual revenue?—No, because the agreement is only from year to year still. He can in any year throw up as much of his land as he pleases, and when he pleases, provided he gives notice at the commencement of the season.

366. In the event of balances of revenue, is it the head man of the village that puts in force a process of duress, or does it come from a higher officer, a subordinate revenue officer?—The head man has power to make the demand, which, in itself, is a very considerable social pressure upon the person from whom the money is demanded. I may exemplify that by giving the instance of a village in which the Government land rent was nearly 2,000 *l.* or 20,000 rupees, but it was all collected by one person. I made some inquiry about it, and I found that the whole amount of duress he employed was to send a small staff, something like a constable's staff, to the defaulter, and to tell him that that must remain with him till he paid, and the mere shame of having this property of the Government left with him had a social effect sufficient to compel him to pay, and it was never found ineffectual. The cultivators will make great sacrifices to pay. But the power to imprison is reserved to the higher officials, and not given to the villagers.

367. You said in answer to Mr. Eastwick that where the land is irrigated there is an extra cess; is that shown as an extra cess on account of the irrigation or is it all mixed up as one account?—Generally it is shown separate; of late years it has, in all fresh arrangements, always been shown separate.

368. In the books of the village accountants or in the books of the revenue officer?—In the books of the village accountant; and once in the village books, it would be traceable always afterwards.

369. With regard to the remuneration to the village officers of which we have heard a good deal, is it a per-centage upon the amount of Government revenue, or is it an old hereditary fixed amount?—The village officers are generally divided into two classes, those who do some service to the State beyond the village, and those who only serve the village. With regard to those who do service to the State beyond the village, that is to say the head man, the notary, and the man who shows the boundaries, and occasionally one or two others, their remuneration is fixed generally at the settlement, according to the old rates, modified where they were inadequate by a fixed per-centage allowance; they were generally remu-

Sir H. B. E. Frere, K.C.B., G.C.S.I.

28 March 1871.

nerated, partly by rent-free lands, partly by allowances in grain, and partly in money paid from the Government. An account is made, and where the rent-free land and grain allowances are found to fall short of a certain scale, there the amount is made up by a money payment. That is the case with regard to all who serve the State beyond the village boundary. Those who serve merely the village are remunerated generally in kind by payments made at harvest, so many sheaves or so many handfuls of grain which are paid by the villagers, and are withheld when they are not satisfied with the service rendered.

370. Have the head men of the villages any police duties?—Yes.

371. I suppose that in every village there are what are well known as village expenses, over and above the Government demand, expenses of hospitality, and so on?—Yes, they used to be rather large; they were very much curtailed at the settlements, and are now very limited. They included allowances to temples, feasts, and small expenses of that kind; and in former days they were very often extremely liberal. For instance, on roads much frequented, they included considerable allowances to pauper travellers.

372. My object in asking the question, is to ascertain that there are, over and above the Government demand, certain other expenses with which the Government officers do not interfere at all?—Yes.

373. Recognised in every village?—Yes; the expense of the village officers, when they are required to attend the district office, for instance.

374. Are those thrown into a common fund, and distributed at the end of the year; I suppose that varies?—It varies very much; as far as they are recognised by Government, their number and application are very strictly limited.

375. I think your opinion, as regards any Imperial taxation over and above the land revenue is, that as a matter of principle, it is quite an open question; speaking of it as a matter of policy, that is a different thing; but as a matter of principle, it is an open question; you think that the defining and the limiting the land revenue does not preclude the Government from demanding other taxes, if Imperial circumstances are such as to require them?—There is a special reservation in the Bombay regulations of the power of Government to levy such taxation.

376. I will turn now to the expenses of collection in Bombay. Since you have known the Bombay Presidency, have the establishments been revised at all?—Yes, they have frequently been revised; once, I think, very systematically by Mr. Ricketts; and since then there have been one or two less systematic revisions, which were carried out for the purpose of giving as much effect as possible to those parts of Mr. Rickett's scheme, which were considered beyond question desirable.

377. Will you tell the Committee, if you please, the various stages of the land revenue organisation, beginning from the top; is there a Board of Revenue in Bombay?—No; there is a revenue secretary, who performs some of the duties which are performed by a Board of Revenue in the other parts of India. Under him there are two Revenue Commissioners. The Commissioner in Scinde has the powers of Revenue Commissioner in Scinde, and the other two divide the rest of the presidency. The appointment of a third Revenue Commissioner has been sanctioned by the Secretary of State; but the measure has not as yet been carried out.

378. Are all the collectors of revenue, then, in Bombay, subordinate to this one Commissioner?—No, there is a Commissioner in Scinde; there is a Commissioner of the Northern Division, and a Commissioner of the Southern Division; but the Commissioner in Scinde merely has the duties of Revenue Commissioner in addition to other duties.

379. Is there any appeal from the Commissioner of Revenue to the Secretary of Revenue?—Yes.

380. From the Commissioners then we come to the collectors?—The collectors come next; the collectors have districts varying in size; I think the largest is as nearly as possible the size of Scotland, and the smallest is about the size of a small county in England.

381. The large ones of course containing large areas of jungle land?—Of jungle and desert land.

382. Then under them come these subordinate officers?—They have assistants, who generally each of them take two or three, or sometimes more districts.

383. But interposing between the collectors of revenue and the village head-men, there are some subordinate officers, are there not?—Yes, there are district officers; they are generally called mamlaledars: they have about the same authority in revenue matters as a tehsildar.

384. Have these district officers the power of hearing summary suits for arrears of rent?—No, they have no civil judicial powers; they have criminal judicial powers.

385. They are revenue officers only for the purposes of receiving and remitting the revenue?—Yes. All questions of right go to the civil court.

386. Even summary suits for arrears of rent?—Yes.

387. *Chairman.*] If the claim gives rise to any question of right as against the revenue officer, then it is taken to the civil court?—Yes.

388. But if it is an uncontested question of revenue, then it is enforced by the revenue officer?—Yes.

389. Unless the occupier or alleged owner raises a question of right as against the Government?—Yes.

390. Mr. *B. Denison.*] Then has a proprietor no power of summary suit against a cultivator of revenue land?—No, unless he stands in the place of Government. If he is a holder of an estate in which the Government dues have been alienated to him, then he is entitled to the same assistance from the district officer which the district officer would give in the case of a Government claim.

391. Then is the district officer a registration officer for the purpose of noting changes in the village register?—Yes, he is generally a supervisor of the village officials; all changes are noted in the village books, and it is his business to see that they are properly kept by the village accountant.

392. But does he not keep a counterpart of the village books in his own office?—No, he keeps abstracts of them; all the details are to be found only in the village books.

393. Are not the village accountants under obligation

obligation to send copies each year of their entries?—No, not copies, only abstracts. In the village books each field and each man's separate holding appears as a unit in the account. In the district books each village appears as the unit in the account.

394. Take, for example, the case of a suit in court; would the plaintiff have the right of calling upon the village accountant to produce his books and to come as a witness?—Yes, certainly.

395. But it would be to the judge?—It would be to the judge.

396. And that would be taken as an authentic record?—Yes.

397. Whose business is it, besides that of the head man of the village and the accountant, faithfully to note and record the changes in proprietary holdings, or in cultivation, each year?—It is their particular business; the district officer is to see that that business is properly performed.

398. My object in asking these questions was to arrive at the causes for the great per-centage of expense in the collection of revenue in the Bombay Presidency, as compared with other parts of India, and I wanted to extract from you an opinion as to whether the present scale of expenditure is open to revision or not; that is why I asked the particular duties which these officers have to perform?—The expenditure, as entered in the accounts, embraces a good deal which is the customary right of these officers, apart from any duty which they may have to perform, and beyond what would be assigned to them if a fresh salary were to be assigned.

399. The expenses (I am quoting from the returns presented to Parliament) of the collectors of revenue (salaries, establishment, and contingent charges, and the revenue survey and settlement charges) are 422,000*l.*, which gives a per-centage of very nearly 12 per cent. upon the gross revenue?—Yes.

400. But besides that there are the allowances to the district and village officers, some 267,000*l.*?—Yes.

401. Which raises the per-centage of the cost of collecting the revenue of the Bombay Presidency to a very high figure, upwards of 23 per cent.?—Yes.

402. Which I venture to say is quite unparalleled in any other part of India?—Well, that is one result of the peculiarity of the Mahratta system, which I mentioned before, of bringing into one view the whole of the landed property of the country, and entering in the Government account a good many items which in other parts of India do not appear in the accounts at all. The system is very much what it would be in England if, taking the case of Bengal, for instance, you entered nothing but the rents of one county, while in the next county, that of Bombay, you entered rents plus manorial rights, plus rights of common, plus old feudal grants to great nobles. So that the result shows a very much greater per-centage in the Bombay system than in the other system.

403. Then the change of system from an annual assessment to a 30 years' settlement will not produce any effect on that?—It has no effect on that; it merely touches what the Government demand from the cultivators.

404. But does not it necessitate the employment of fewer persons in the revenue department?—Certainly; and some economy has been made where it was possible to make it without trenching upon hereditary rights. But to take the comparison which I have just used, where duties were formerly done by a lord of the manor or by a feudal lord, they are now not required; as far as it was possible a deduction was made, and the amount deducted was carried to the Government credit. But very generally there was such a long prescription in favour of the manorial right or the feudal right, that it was found impossible to touch it, and there it continues as of old.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

28 March 1871.

405. Then no economy could be effected by improved communications, and allowing the proprietors to pay their revenue direct to the head collector of the district?—No, the communication is sufficiently easy now; very few proprietors are more than a day's journey from the place of payment; and I cannot see the way to any economy in that respect.

406. *Chairman.*] You mean an Indian day's journey?—An Indian day's journey on foot. Some economy has been effected; for instance, on railways, by throwing two districts together, and so on; but not to any great extent.

407. Mr. *Beach.*] What sort of distance is an Indian day's journey?—From 12 or 14 to 20 miles.

408. Mr. *B. Denison.*] There are one or two questions connected with the price of produce that I wish to ask you; you have said that the price of cotton gave an immense impulse to wages and to industry of every kind; did not increase of cotton lands sensibly diminish the cereal products, and thereby raise the price of the first necessaries of existence?—It was said that it did so, but I failed to trace any such effect, except in limited districts.

409. With regard to the indebtedness of the agricultural classes of Western India, are the expenses of the marriage of daughters a fertile source of indebtedness as in other parts of India, and has anything been done by the Government towards reprobating that expenditure?—With the upper classes they were a very fertile source of embarrassment to those whose incomes were fixed, and who had great social claims upon them.

410. But was not a great part of the indebtedness of the agricultural classes owing to this description of expense?—Not generally, I think. Measures were taken in two or three instances to reduce marriage expenses; for instance, in the case of the Syuds of Tatta in Scinde, it was found almost impossible for the Syud's daughter to get married on account of the poverty into which the community had fallen; and they were assembled, and Mr. Gibbs (who is now one of the judges of the High Court of Bombay) proposed to them some rules which they should enact among themselves. Those were acted upon, and the social stigma which attached to an economical expenditure upon marriage was removed by the general consent of the community.

411. Since you have known India have money rents been the universal rule in Western India?—No, there used to be a very large proportion of rents in grain and produce. I think that a large proportion of the revenue of most native states is still paid in produce.

412. But was not the difficulty of obtaining coin in change for the produce also a fertile source at one time of great distress among them?—Yes.

Sir *H. B. E. Frere*, K.C.B., C.S.I.

28 March. 1871.

413. I think you said the other day that you had seen a gradual improvement in the condition of the people since about 1840?—Yes.

414. Does the steady increase of the influx of silver into Western India date from that time?—I think the great influx of silver is of later date than that; probably it was not very marked before about 1850.

415. Of course that is all connected with the balance of trade?—Yes.

416. Mr. *Grant Duff.*] Am I right in concluding from your evidence that the rise of land revenue which will result from the re-settlement now proceeding in the part of India of which you have been speaking, will be considerable?—I think so.

417. And it will be gradual, will it not, some increase accruing every year?—Yes.

418. But you cannot, I fear, make any guess as to the amount of the future annual increase?—No, because it would depend considerably upon prices and communication.

419. Part of that annual increase comes, I understand, from augmented imposts on property already taxed, part from imposts on new land that has come into cultivation since the last settlement, and part from fresh imposts on cultivated land which had been overlooked by, or concealed from, the settling officer in the former survey?—Yes. I should think that at present, in most settled districts, there was very little room under the latter head for additional income.

420. The tendency in Bombay, as elsewhere in India, has been of late rather to diminish than to increase assessments in proportion to the means of the cultivator, has it not?—Certainly.

421. I will read some sentences from a Despatch of the Court of Directors in 1856, and ask you if they accurately define the received official view in India as to what the land revenue should be: "The officers engaged in the duty of fixing the assessment should always bear in mind that as you have expressed it, the right of the Government is not a rent which consists of all the surplus produce after paying the costs of cultivation and the profits of the agricultural stock, but a land revenue only, which ought, if possible, to be so lightly assessed as to leave a surplus or rent to the occupier, whether he, in fact, let the land to others or retain it in his own hands;" is that the received official view in the Bombay Presidency, as elsewhere?—Yes, it is.

422. And are you satisfied that the Bombay re-settlement is being made on just principles, with fair consideration for the Exchequer, and with fair consideration for the cultivator?—I think so.

423. And the land revenue is as little disagreeable to those who pay it as any tax can be, is it not?—Much less disagreeable than any other tax; and it is looked upon as so entirely a customary right of the Government, that as long as it is possible to pay it the duty of paying it is never questioned.

424. Am I right in gathering from your answers to the Honourable Member for the North Riding, that the expense of collecting cannot, in your opinion, be very much diminished in the districts about which you have been speaking?—I think not much.

425. Can it, do you think, at all?—Not the expense of actual collection, I think. I may mention that all officers who are employed in collecting the revenue have many other duties, some of them judicial, and some of them the miscellaneous sort of duties, which fall in this country upon those who are connected with the poor rates and the parish officers; and duties of that kind are so much on the increase of late years that, as a rule, the village officers are much harder worked now than they used to be, and what was a valuable semi-sinecure in former years has now become a very hardly-worked and hardly-paid office; and I do not think that there is much economy to be looked for, as far as regards the collection of the revenue.

426. Do the holders of rent-free estates in the districts of which you have been speaking, pay road cess?—Some of them do; I think not universally; but it depends a great deal upon the terms of their tenure.

427. *Chairman.*] Is any free tenure held to exempt a man from paying road cess in Bombay?—I think it is, in some cases.

428. Mr. *J. B. Smith.*] I understood you to say that under the 30 years' settlement, any person who had lands assessed could throw off any portion of them on giving one year's notice?—In any year.

429. What becomes of that land; does it revert to the Government?—It is at the disposal of the Government, who may let it to anyone who chooses to take it up.

430. And can this man at any future time reclaim the land?—If he has a proprietary right in it, but he must establish his claim when once it has passed out of his possession, in a court of law.

431. Is it a common thing for a man to give up land in that way?—Very rare.

432. When the 30 years' settlement was commenced, did the same rate of assessment go on for the whole 30 years, or was it altered and raised year after year as the land became more valuable?—Not during the currency of the 30 years. An assessment was fixed upon it; a portion of the rent which was to be the assessment for the 30 years.

433. Then in that case it is impossible that Government can receive any benefit from a re-assessment till that 30 years has expired?—Yes.

434. And then the next assessment will go on upon the same principle?—There will be a re-valuation on the same principle.

435. Do you think that that is a fair principle; for instance, say that 10 years after the assessment has begun, there are roads made through the district which double the value of the land; do you think that the Government ought not to avail themselves of that advantage, having laid out the money?—Perhaps, theoretically, such a claim might seem reasonable, but as matter of practice, it is so seldom that anything marked is done within the 30 years, that it is much better to wait till the lease is out.

436. For instance, the opening out of a river, or the carrying of a railway to the district, would be a marked improvement, would it not, and tend to increase the value of the land?—It would, but its effect would hardly be visible till so near the end of the lease, that even supposing it were commenced immediately after the lease commenced, it would be better, I think, as matter of practice, always to wait till the lease has run out.

437. Then, in fact, you would not recommend any alteration?—Not any alteration in that part of the system.

438. Mr.

438. Mr. *Fawcett.*] You promised me last time to supply in your evidence this day a statement comparing the increase of the expenditure during the last 20 years with any increase that may have taken place in the land revenue?—That is not complete.

439. It seems to me to illustrate the way in which the accounts are kept. Should you mind telling me how it is that such an evident piece of information as that cannot be supplied at once; is it not contained in the annual accounts; cannot you simply refer to them, and find it out at once?—No doubt it is there: but it takes some time to extract information bearing on a point of that kind.

440. But do not you think that the accounts of a country ought to be kept in such a way, that it would take, not only not a day, but not an hour to find out the amount of the most important sources of revenue, and the aggregate amount of expenditure?—They would be very perfect accounts; I am afraid more perfect than we have now.

441. But certainly in the accounts of our own country, it would not take an hour to find out what, during the last 20 years, had been the annual expenditure of this country, and what had been obtained by customs and excise, and so on; and why should it not be the same in regard to India?—Perhaps if I had understood the honourable Member's wishes better, and had applied myself exclusively to that, I could have furnished the information to-day. I have no doubt that it would be very readily accessible; but I understood the question to relate entirely to the land revenue, and there would require to be made a good many deductions from the total aggregate of expenditure, in respect to the charges on the revenue, to show the charges on the land revenue; but as I understand the honourable Member's wishes now, I have no doubt it can be given.

442. Will you tell me what has been the annual increase in the land revenue of the country during the last 15 years?—A statement put into my hands by an honourable Member of this Committee shows the land revenue in 1856, as 17,902,000 *l.*

443. What was it five years after that?—In 1870, it was given at 21,150,000 *l.*, an increase of 18 per cent.

444. What is the aggregate expenditure of the country for those periods?—In 1856 it was 33,852,000 *l.*, and in 1870 it was 49,787,000 *l.*

445. What rate of increase does that represent?—Forty-seven per cent.

446. There has been an increase of 18 per cent. in the land revenue, and an increase of 47 per cent. in the aggregate expenditure?—Yes; but perhaps the Committee would allow me to mention, that I understood the honourable Member's question to relate merely to the increase of expenditure on land revenue.

447. *Chairman.*] You wish, I think, to give some explanations of some answers in your former examination?—One point related to the question put by the honourable Member for Brighton, with regard to the permanent settlement. The conclusion which he drew seemed to me to be correct, as I mentioned, in theory, yet the theory was not practically exemplified, even in Bengal; because there are considerable amounts of land revenue in Bengal itself which have not been hitherto disposed of in permanent settlement. But take as an example a large province, of which the proprietor has the whole of the land revenue as his only source of income, which was the supposition, I think, put by the honourable Member for Brighton. Even in that case, it seems to me that it would be for his advantage to sell, or to tie himself down from an annual or periodical addition to his income from the land, with regard, at least, to a considerable portion of that land. If you take any province of the United Kingdom, and suppose that the proprietor has the whole of the rent, and nothing but the rent, as his income, it is evidently for his interest, as a matter of practice, to dispose of a portion of that land to people who will make the most of it as absolute proprietors, not liable to any future increase. I do not, however, at all disagree with the conclusion which I think the honourable Member would draw, that periodical settlements were, upon the whole, those which best served the rights of the State with regard to its income.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

28 March 1871.

448. Have you any other point on which you wish to add to your evidence?—There was a Commission which sat to ascertain the exact increase of prices in Bombay in 1866, I think, and if the Committee wished for information on that point, I would give, in a general abstract, the results of that Commission, the evidence of which was rather detailed with regard to prices generally.—(*Vide* Appendix.)

449. Those proceedings were printed, I think, as a State Paper, in India?—Yes, they were printed as a State Paper in India. Then I wish to mention that the Bombay system of survey had been extended to Mysore and Berar, with results very much similar to those which had followed in other parts of the Bombay Presidency.

450. Mr. *J. B. Smith.*] The 30 years' settlement, you mean?—Yes; the 30 years' settlement is the rule, with occasionally shorter settlements in other cases.

451. Mr. *Fawcett.*] Will you kindly state what the conclusion of the Commission was?—The conclusion they came to was, that the increase of prices differed very much in different parts and different classes, but that it was very considerable over the whole of Western India.

452. Did they give an instance of what it was?—Not any estimate, but a very large body of facts, of which the principal features might be put into a short Paper, which, if the Committee would allow me, I would hand in.

453. Mr. *B. Denison.*] Supplementing the figures given by the honourable Member for Brighton, the land revenue is 18 millions for 1866, and is estimated at 21 millions in the present year; but the total revenues in 1856, including all the various heads of revenue, were 33 millions, and the estimate for this year is 50 millions?—Yes.

454. Mr. *Grant Duff.*] Therefore the increase on what I may call the general property of the Government of India during the last 15 years, has been very much greater than the increase in what may be called their landed property?—Yes. There was one more point connected with the surveys which I should like to mention, and that is, that there seems to me a great necessity for having some means of ascertaining directly from the cultivators their views regarding the assessments, which used to be ascertained by general communication with them, and for which

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

28 March 1871.

there has every year become less and less facility as our officers become more completely occupied, and less able to put themselves in intimate communication with the taxpayers. I think that it would be very desirable that, before every revision of assessment after the expiration of the 30 years' leases, there should be some means of directly ascertaining what the cultivator and the cultivating class have to say upon the subject.

455. *Chairman.*] You mean that a superior officer should always make a tour in the district, and make his own inquiries?—I think that the heads of villages and men of that class should be always required to state categorically their views upon what is impending over the class which they represent.

456. Mr. *Dickinson.*] You gave the land revenue as 17,902,000 *l.* in 1856, and 21,000,000 *l.* in 1870-71; last year includes upwards of a million for water rates, and that is not land revenue?—Those figures were supplied me by an honourable Member.

457. *Chairman.*] Is there any other point that you wish to refer to?—There is a note by the present Lieutenant Governor of Bengal, Mr. George Campbell, which is appended to his report upon Orissa, which seems to me to indicate more clearly than almost any paper which I know of, the relative merits of permanent settlements and periodical revisions of them. I am not sure if it is before the Committee.

458. In speaking of the elements upon which the settlement was based, you did not mention whether the question of what may be called the wet land or the natural power of obtaining water was taken into account; I should like to ask you whether, apart from any question of irrigation on a large scale, or Government irrigation, in fixing the settlement the natural supply of water to the land so as to constitute it wet land is taken into account as an element for taxation?—To some extent it is. Almost all the irrigation is from wells which involve considerable expense, and it has been a great question and has been decided variously in various provinces at different times, as to whether it was not better for Government to waive all claim for irrigation from wells where they involved considerable cost to the cultivator in the construction. But as a general rule there is a separate tax upon the land which is irrigated from water so raised, which is traceable in the accounts.

459. That would depend upon the quantity of the water and the nearness of the water to the surface?—Yes.

460. Is there also an element of taxation in what may be called the natural flow of water from rivers, apart from any expense of irrigation, constituting what is called wet land?—Yes.

461. And is that wet land extremely valuable sometimes from its natural circumstances?—The "wet land" in a revenue sense is generally rice land, which is assessed very much higher than any other kind of land.

462. What is the maximum revenue paid on the land most favourably circumstanced for production and moisture; what have you known to be the highest rate of assessment?—In Government villages, I think at present, about 10 rupees would probably be the highest; 1 *l.* on an acre; but it is very much higher in some of the Native States. On the other hand, they make a considerable deduction if inferior crops are grown on it; they look more to the crops than we do.

463. They may be said, then, to descend from 1 *l.* down to a very insignificant sum?—Down to probably 4 *d.* or 6 *d.* an acre.

464. You also stated that on the settlement there was a great demand for unoccupied land; can you state what is the probable extent of land now unoccupied which is capable of being tilled?—It could be ascertained from the records, but I could not state it immediately.

465. But it varies very much in different parts of the Presidency, does it not?—In most parts of the Presidency there is really very little unoccupied land that is fit for immediate occupation. In others, for instance in South Canara, in Seinde, and in Kandeish, and in the northern parts of Guzerat there are very large tracts of land which is still in a state of forest or unoccupied land.

466. Capable of tillage?—Capable of tillage.

467. I presume that there are great breadths of grass lands and wood lands that are incapable of tillage but will always be permanent pasture?—Yes, and if they are not common lands, common to the whole village, they pay as much or more than they would if tilled.

468. Mr. *M'Clure.*] Are those uncultivated lands the property of the Government?—Not generally; the neighbouring cultivators generally have a claim upon them, and very generally in Bombay there is some reason in their remoteness or difficulty of cultivation, sometimes from unhealthiness, which has retarded their being taken up.

469. *Chairman.*] You will observe that in the account of the Bombay land revenue; after deducting charges of collection of the land revenue which amount to 421,888 *l.* for the last published account, there is a still further reduction of 701,858 *l.* for allowances and assignments under treaties and engagements?—Yes.

470. Can you state generally what is the character of those allowances and engagements whether they are all of a permanent character or whether they are for the lives of the present possessors?—They would vary very much; some of them would be permanent, some would be for one or two lives. A considerable amount of the rent-free land was brought under assessment during the last 20 years prospectively, and in other cases it was assessed at once, an assignment being made to the holder for one or two generations.

471. These represent the grants and claims of that character before the acquisition of the territory by the British Government, and the grants and claims that were recognised by the British Government, or made at the time of the acquisition of the territory?—Yes.

472. Do you think that the diminution of the deduction will be material and considerable in the course of years?—It will be considerable, I think.

473. Then there is another item: "Allowances to district and village officers, &c.," 266,827 *l.*; does that item represent the charge which you stated was of a character so hereditary that it could hardly be diminished?—A part of it; it is as though the magistracy of the country were paid partly in manorial and feudal rights; it would be very difficult to separate what would be the appropriate salary of the fiscal or magisterial officer, and what was merely his hereditary possession, irrespective of official duties.

474. Th

474. Then I understand you to say that the Government consider that they have a claim upon these officers to perform their duties according to the circumstances of the time, and that they represent, therefore, a certain amount of administrative power when it is put in motion?—Yes.

475. You do not apprehend that the great breadth of pasture land can be improved, so as to render it capable of any greatly improved assessment?—No.

476. Will you now be good enough to give the Committee some explanation with regard to the state of the land revenue in Scinde. Perhaps you will first state the amount of the revenue there?—The land revenue in Scinde in 1869–70 was rather more than 410,000 *l.*

477. What is the system under which the land revenue is assessed in Scinde?—It differed in almost every particular from the land revenue in other parts of India. The country consisted of a broad alluvial tract, bounded on one side by a very rocky desert, and on the other by a sandy desert. In the deserts there were no crops raised, except in very rare cases, when very heavy rain fell; but they were great grazing grounds, and afforded large herds of cattle for the use of the alluvial portion which bordered the river. The whole of the alluvial portion was irrigated by canals, which filled only when the river rose, as a general rule. There were small portions which were always irrigable, but the greater portion was only irrigated during the rise of the river in the hot weather. That made a very material physical difference as compared with the rest of Western India. Then there was an historical difference, owing to the circumstances under which it was conquered by the Mahomedans. They imposed upon the Rajpoot inhabitants, who had the same fondness for land, and the same capacity for agriculture which they have in their own country, the alternative of adopting Mahomedanism or emigrating; and those who remained all adopted the Mahomedan religion, and with it some of the customs relating to land tenure; and the Government there was more centralised and oppressive than in any other part of Western India. This led to a great obliteration of and change in their customs connected with agriculture and agricultural payments; and when the country was conquered from the last dynasty, the Talpoors, the system which Sir Charles Napier found in operation was generally one of attachment of the whole of the crop by the Government. The crop was then divided, and a portion given back to the cultivator, the Government retaining a very large portion as its own revenue. This made it necessary to have a completely different revenue system from what was possible elsewhere in Western India, and at first necessitated the maintenance of the old system of taking possession of the whole of the crops annually. This was coupled with a very severe system of statute labour in clearing the canals, which was necessary to get any crop at all; and it has taken a very considerable amount of labour on the part of the Government officers to get rid of those two features, the attachment of all crops, and the system of statute labour in making the necessary clearances of the irrigation canals. At present the system has been very much assimilated to that in use in other parts of Western India, with this exception, that it was found impossible to trace the village communities in the way in which they were traceable in other parts of India; and the country is now roughly divided into fiscal charges, which are similar in size and importance to a large village in Guzerat, or in Western India generally. A survey and assessment has been of late years introduced; it was attended with peculiar difficulties owing to the absence of the traditionary land marks that had guided the Government elsewhere, and it required to be considerably modified in many important particulars; but it is now almost completed in all the three collectorates into which Scinde is divided.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

28 March 1871.

478. Upon what principle, then, did the revenue survey proceed; what basis did it take in fixing the contribution?—There was a valuation of the land, and the assessment was fixed partly with reference to former demands, but more with regard to those principles which were laid down in the Despatch which has just been read.

479. How was the question of the old system of labour for irrigation disposed of in adjusting the settlement?—By extending a system of levying an extra water-cess upon all land, and requiring that all the labourers should be paid in money for the work they did.

480. Then, who is the intermediate agent of the Government for receiving the cess on the one hand and keeping the canals on the other?—There is a special canal establishment. The only feature of the statute labour which has been kept up is the obligation in case of emergency to find the men; but the Government invariably pay in cash for work done.

481. Was the settlement for the revenue made in the same manner with the reputed owner of the land in Scinde?—Yes.

482. Then, the water-cess was in proportion to the benefits which he derived from the irrigation of the district?—Yes; it was generally fixed at so much an acre, in proportion to the assessment. It, of course, was only a rough approximation, but it was found to work in practice much more favourably to the cultivator than the statute labour.

483. Is the revenue all collected now through village officers established by the Government, and native officers superintended by European collectors?—Officers analogous in grade and pay to village officers, but their charges are not limited, as in the rest of India, by the ancient village boundaries.

484. Are all public servants paid by salaries?—They are salaried officers; they are not hereditary, and have no hereditary rights.

485. Is any large portion of the revenue of Scinde granted away in perpetuity under the grants of former Governments?—There are very large jageers. The system which Sir Charles Napier found in force was a sort of feudal system, in which all service was paid for in grants of land; and it was necessary to conciliate the feudal class by continuing very large grants to them, which was done on a larger scale than in other parts of India.

486. Then, are they allowed to remain in charge of the villages, and to collect the revenue themselves, or does the Government in Scinde collect the revenue and pay them in money?—Sometimes one system and sometimes the other; there is a difference with different holders; but generally the large holders collect for themselves, and the small holders collect through the Government officers.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

28 March 1871.

487. Have any steps been taken with large holders to define the rights of the occupants under them?—Yes; in most cases the estates they hold are subject to the same survey and assessment as the Government lands.

488. So that they have no more power over the occupants, and rights of the occupants, than the Government has over other land?—No.

489. Is there any prospect of these large grants lapsing to Government; are they temporary or in perpetuity?—With few exceptions they are personal, and as lives fall in they are reduced.

490. To that extent the land revenue in Scinde would be increased?—Yes.

491. Is there much unoccupied land in Scinde capable of tillage?—There are very large tracts; but the tillage depends upon the power of irrigation, and the power of irrigation is, to some extent, limited by the height of the land above the river. If it is at all high, it is difficult to get the water to it; but that difficulty can generally be overcome by making canals on a larger scale, taking them higher up the river. A systematic irrigation, no doubt, would very greatly increase the quantity of land which could be brought under tillage.

492. But apart from great works of irrigation, and dealing only with what may be called the ordinary system of irrigation of the Scinde land, is there any large quantity of tillage land that is not now in cultivation?—Yes, a considerable quantity.

493. Population is rather sparse, then, in Scinde at present?—Yes, very sparse, compared with what it seems to have been in former times.

494. And is there any tendency now to increase that population?—Apparently the population is increasing; but there has been no census for some time.

495. Do you think that there will be a steady increase of the tilled land in Scinde?—Yes.

496. And a consequent increase of revenue?—Yes.

497. Mr. *J. B. Smith.*] What is the term of the assessment in Scinde?—Thirty years, generally, with shorter terms in exceptional cases. I find, on reference to the returns, that the cases in which the assessments have been declared fixed for 10 years only are very numerous.

498. Mr. *Cave.*] Do you include in that quantity of land which can be irrigated the Desert of Cutch?—A part of it; but the greater part of what is called the Cutch Desert is out of the reach of fresh water, and would require a very heavy expenditure to render it cultivable.

499. Is there much irrigation by machinery, as there is in Egypt, the water being raised by machinery?—It is precisely the same system; the same sort of wheel, and apparently precisely the same machine; but there is a good deal which is watered on the other system, which may be seen in Egypt, of irrigation by overflow.

500. But you say that even the land which can be irrigated, is not all tilled at present?—No.

501. Then, until the population very much increased, you would see no prospect of raising a larger revenue from the land in Scinde?—It does not depend entirely upon the increase of the agricultural population, because a great many of the pastoral tribes and those who formerly did not cultivate, have, of late years taken to cultivation, and there has been a considerable settlement of non-agricultural communities upon lands which they now take up and cultivate.

502. Those lands which were formerly in pasture?—Which formerly produced very little.

503. Then the population comes from the pasture land and settles upon this arable land?—Yes.

504. Does the nomadic pastoral population pay anything towards the revenue?—Yes, there is a tax upon clarified butter, which is one of the great articles of trade in the desert, and in that part of the country they pay no other tax.

505. There is no tax upon cattle?—No.

506. And of course no land tax on the pastoral land?—No. Most of the Native States levy a tax upon cattle, but it has not been found practicable to levy it under our system. There is often a grazing tax levied in forests.

507. Did I rightly understand you to say that the system of granting jageers is continued by us?—Not of making fresh grants, except in very rare cases, but of continuing grants which nominally are only for a single life; but in the case of particular families where there is some family claim, the case of the successor is considered, and the whole or portion of the rent free tenure is continued to the son.

508. And the State makes a fresh bargain with the successor, I suppose, in those instances?—Yes.

509. Sir *C. Wingfield.*] I think the primitive Hindoo landed institutions have been more seriously impaired in Scinde, probably by the Mahomedan conquest, than in almost any other part of the Bombay Presidency?—Clearly; they have been in many cases almost obliterated.

510. I think the Mahomedan invasion took place three centuries before the invasion of India by the Mahmoud of Ghuznee?—Yes.

511. Mr. *Beach.*] May I ask whether the amount which is charged by way of water rates for works of irrigation represents a fair interest on the outlay?—It depends very much upon the special circumstances in each case; it very often affords a very ample return.

512. When waste land is rendered capable of tillage by a work of irrigation, would the additional amount be charged by way of water rate, or would it be taken into consideration in the amount of rent which would be assessed?—Wherever it is practicable the water rate would be shown separately.

513. Mr. *Fawcett.*] You alluded to the possible increase in the land revenue of Scinde; I suppose that is likely to go on in the future, as in the past, gradually?—Yes, very gradually.

514. Therefore, considering that it has been a gradual increase in the land revenue during the last 15 years, speaking generally, you would say that there is likely to be about the same gradual increase in future?—Yes.

515. That, speaking generally, it would be neither very much greater nor very much less; it would be going on in a steady kind of way?—Yes.

516. So that it would be 18 per cent. increase, say, in about 15 years?—I should be sorry to fix any amount.

517. We may say about the same increase in the future as in the past?—Yes.

518. Mr. *Cross.*] Is the expense of the collection of revenue arising from the butter large or not?—There is very little expense; I think the whole amount of revenue was very small, some

3,000 *l.*, and I believe there is no additional expense of establishment.

519. Mr. *Eastwick.*] The revenue was taken by the Ameers in kind, I suppose?—Generally.

520. Have we adopted that system or do we take it in money?—We take it all in money.

521. Do you think that that is advantageous to the ryot, or the reverse?—In some respects it is very advantageous. Its definiteness is its great advantage, and now that there is so much money diffused through the country there is no difficulty whatever in the ryot converting his grain into money; and, upon the whole, it is a great safeguard against oppression and waste of every kind. The system of taking revenue in kind was an extremely wasteful one.

522. When we came into the country there was very little money in circulation, was there not?—Very little indeed.

523. In Upper Scinde especially there has been an immense increase of cultivation, has there not, all round Shikarpoor and in that direction?—Yes, on what used to be considered desert; it was a hard clayey surface with very little vegetation of any kind upon it.

524. You would say that the revenue had risen considerably since we occupied the country?—Yes.

525. As compared with the native rule?—No, not as compared with the native rule, because under the native rule a very large sum was levied in kind; but then, as in Egypt, the ruler confounded the two sources of revenue as receiver of the land tax, and as the principal grain dealer in the country; just in the same way as the Khedive makes out of Egypt at present very much more than it would be possible to make out of it by any system of taxation.

526. But that great increase of cultivation in Upper Scinde would, of course, increase the revenue, because there was none at all there formerly?—Just so; the increase is partly due to security, and partly due to the water having been brought to parts where it appears to have been brought ages ago, but where no water was brought apparently within the last 200 years or so.

527. May we not expect a very considerable increase of revenue from that canal which is now made, or is being carried from above Roree down towards Cutch?—Yes, there is a considerable increase from that canal as it extends; it is extended only as cultivators are found to take up the land.

528. That canal and the railway will be carried from Hyderabad up towards Mooltan will, of course, very much increase the productive powers of the country?—Yes; the railway will be principally advantageous, I think, to the Punjaub; but, of course, it would have some effect upon Scinde itself; but extension of irrigation is the great source from which extension of land revenue may be expected.

529. Do we now compel the villagers to clear out canals, and to perform the work they used to do?—It can hardly be said to be compulsion, because no canals are cleared except at their request; but in case of an embankment threatening to burst, or of any particular work being required in a very great hurry, there would be a levy *en masse* of the population to repair it.

530. Mr. *Beckett Denison.*] When you were Governor of Bombay, was it not the practice to call for a report of the moral and material progress of each province under the Government?—Yes; each collector furnished an annual report, in which he was expected to give that information.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

28 March 1871.

531. I suppose, from those reports, we could get any information of the progress in Scinde?—Yes.

532. When you first became acquainted with Scinde, you say that there was very great difficulty in finding money with which to pay the land tax?—The difficulty was much greater before I went there. When first the country was conquered by Sir Charles Napier, there was really very little money among the cultivators; very little money passed; everything almost was estimated in kind.

533. But was not the conversion of the native coin of the country, into what is known as the Company's rupee, a serious source of embarrassment to the cultivators, and of expense too?—It was done very gradually; for I think 12 years after the conquest, the revenue continued to be collected chiefly in kind.

534. That has all ceased, has it not?—That has ceased almost entirely.

535. And there has not been more difficulty now in Scinde in obtaining coin than there is in other parts of the Bombay Presidency?—No.

536. Did not the native rulers of Scinde exact very heavy passing dues from boats?—Yes.

537. And that was a large source of revenue to them?—Yes; in a rough way Scinde was reckoned in those times (I speak of times considerably before the conquest), as a country giving 4,000,000 *l.* of revenue.

538. And our own proportion of that is less than one-fourth, is it not?—Yes.

539. Mr. *Grant Duff.*] Altogether, you think that the prospect of our land revenue in Scinde is good, do you not?—Yes.

540. Do you think that the expenses of collection could be at all diminished?—I think not; there is less room for reduction there probably even than in Bombay, because the establishments have been calculated upon a scale of services which were considerably more restricted than those we now exact.

541. Scinde has been sometimes called "Young Egypt," does that imply too hopeful a view of its future, or not?—I think it does not; I think that most of the elements of prosperity which are to be found in Egypt are to be found in Scinde and the Valley of the Indus, higher up; but Egypt has been developed under a system of very high pressure.

542. Taking Western India as a whole, do you think, that improved methods of cultivation, deeper ploughing, and so forth, will much increase the producing power of the land or not?—I believe it would; I think that there, as in this country, amateur farmers are very apt to make very serious mistakes, and that probably our collectors and revenue officers do as much harm as good by attempting to show the cultivators the way to improve their agriculture. But though the agriculture is in a state much more forward than that of most European countries, there is no doubt that it is capable of quite as much improvement as has been shown possible in our own country during the last 50 years, provided experiments are conducted with judgment by practical men.

543. But the methods of Europe will not necessarily succeed in Asia?—They would not be identical

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

28 March 1871.

identical methods, but the principles would be the same; deeper ploughing in some cases; high manuring in others; and in all the use of water for irrigation.

544. *Chairman.*] I suppose the real difficulty in increasing the produce in India is the difficulty of finding manure, is it not?—That is one great difficulty.

545. And the practice of burning that, which in this country we use as manure?—Yes; and hitherto very little attention has been paid to the subject of improving Indian agriculture by chemists. What has reached India in that way has been merely the reflection of what has been done in England.

546. You think that no system of mineral manuring has been attempted in India?—Nothing but a few very weak copies of what has been done in England.

547. Whilst the animal and vegetable manure is reduced to a minimum?—Yes; no doubt a good system of forestry would have a great effect in increasing the supply of manure by giving a good supply of wood fuel.

548. Mr. *B. Denison.*] Has Scinde been surveyed?—Yes.

549. Is it a detailed survey, village by village?—It has been divided into districts as nearly as possible the size of large villages in India, and these have been treated as fiscal divisions, in the same way as the villages would have been in the other parts of India.

550. A geological survey has not been made?—Portions of Scinde have been examined geologically, but only a very small part. We expected to have found coal, and did find some small tertiary deposits of coal, but they are not of commercial value.

551. Mr. *Fawcett.*] You recognised the justice of comparing Scinde to Egypt; do you think that there is an important difference between two countries, one of which is spontaneously irrigated by nature, and the other of which is irrigated by costly works?—There is little spontaneous irrigation in Egypt.

552. Not the Nile?—The irrigation of the Nile would be very imperfect, quite as imperfect as that of the Indus, but for canals, embankments, and other great works for irrigation, apparently as old as the Pharaohs.

553. Does the Indus overflow in the same way as the Nile?—Yes.

554. *Chairman.*] Relatively, you mean, that the area that is flooded by the overflow of the Indus is about the same as that by the overflow of the Nile?—The extent of the overflow is much greater in Egypt.

555. Therefore, relatively, the artificial irrigation is greater in Scinde than in Egypt?—Yes.

Mr. Ross Donnelly Mangles, called in; and Examined.

Mr. *R. D. Mangles.*

556. *Chairman.*] Will you state what offices you have held in India, and what connection you have had since with India?—I was Commissioner in the Sunderbunds. I was Secretary to the Commissioners who went to treat for peace in Ava. I was Deputy Secretary to Government in the Judicial and Revenue Departments. I was Secretary to the Board of Revenue. I was Secretary to the Government of Bengal in the Judicial and Revenue Departments. I acted as Secretary to the Government of India in the same Departments, and I was a Member of the Board of Revenue in Bengal. I became a Member of the Court of Directors in 1847, and I have been a Member of the Court of Directors of the East India Company, and a Member of the Council of India since that date.

557. Will you be good enough to state what are the several systems of land revenue now in force throughout the Bengal Presidency if there is more than one?—In Bengal proper and in Behar, and in the province of Benares there is a permanent settlement of the land revenue; and in the North Western Provinces there is a settlement generally for periods of 30 years, and the same in Orissa, which is not a permanently settled province.

558. And in the extreme Eastern Provinces, what is the system?—In the Burmese Provinces there is a different system; there is a poll-tax there.

559. We will go into that afterwards; with regard now to the permanent settlement, will you remind us of the date of it?—It was made first in 1789, and it was confirmed by the Court of Directors in 1793. It was made by Lord Cornwallis, who was the Governor General at that time, who had very strong opinions in favour of a landed aristocracy, a body of landowners, and for that reason he very earnestly desired to establish at once a permanent settlement of the land revenue throughout the provinces which were then subject to the British Government. Mr. Shore, afterwards Lord Teignmouth, was one of the members of his council. He had very great knowledge of revenue matters; perhaps no man has ever had a greater knowledge of revenue matters; and yet, very late in life, I remember he says, in a minute, that he was always finding out how ignorant he was, it was so difficult and complex a subject, and how much he had to learn. However, he did know more than anybody else at that time, and perhaps more than anybody since, or as much; and he strongly urged Lord Cornwallis to delay the settlement till better information was obtained with regard to the state of the people, and with regard to the relations of the several classes to the land; and I think Mr. Shore felt very strongly the necessity of protecting the ryot and the under tenants generally; but the permanent settlement was made so hastily, that nothing or next to nothing was done with that view.

560. Then the Government dealt at once with the persons whom they found in occupation of the villages?—Yes; and who, I believe, in many cases, were not really the landowners, but had been simply the officers of the native government, who were employed to collect the revenue. They were more collectors and farmers of the revenue than what we should call in this country absolute landowners.

561–71. Only the person who paid the revenue in gross for the whole village into the Treasury was taken to be the owner?—Yes; and the settlement was made with him. Some of the zemindars no doubt, were landed proprietors, and holders of ancient tenures; but others were mere upstarts who had got possessed of what may be called the farmer

farming of the revenue; that is to say, the responsibility to the Government.

572. But some, I presume, held a great many villages as representing the old native Hindoo princes of the country?—No doubt. I suppose many of them were really proprietors of land, as far as any native in India was a proprietor, for the Government had the largest share of the rent, and that had always appertained to the Government.

573. Then, many of them held very large tracts of country?—Very large indeed.

574. And they were all settled with in gross for the whole of their territory?—They were settled with in the lump, very recklessly and carelessly; so much so that many estates (we call an "estate" that which pays separately to Government, and which is separately responsible) have since disappeared, and nobody knows what has become of them; they have been swallowed up by neighbouring proprietors, and they have gone, and nobody can trace them. In other cases, I remember, that this sort of thing occurred. In one district, in Midnapore, it was found, with regard to many of the estates which were settled for as one estate, and supposed at the time to be part of the Midnapore district, that parts of them were in other districts far away from Midnapore.

575. But in the settlement with the larger proprietors, was the unit of the village maintained in a schedule to his settlement, or was it by a larger territorial division?—The whole thing was done in the lump, and very carelessly and recklessly done.

576. Without even the village unit being carefully defined?—Yes.

577. Then there was no separate revenue for those villages, but it was entirely in gross, however large the whole tenure might be?—I apprehend that in the large zemindaries it was done in the gross, without any separation, and there was no sufficient protection whatever at that time given to the ryots; but the Government, in the regulation upon which the permanent settlement was formed, reserved to themselves very carefully and very strongly the right to interfere at any period for the protection of the ryots.

578. That is of those persons holding under the individual with whom the settlement was made; you use the word ryot to represent everybody in the capacity of a sub-tenant?—Yes; properly it means only the actual cultivator of the soil, but I would use it to signify every under-tenant.

579. Were there, in point of fact, several varieties of sub-tenure under the chief landowner existing then, and still existing?—Great varieties, and they are still existing.

580. But with regard to those rights and interests, the Government took no cognisance of them at the time of settlement?—They did not at the time, except that, as I have said, there is a clause in the law of the permanent settlement retaining to the Government the right to interfere at any time for the protection of those parties; they did not protect them at the time, but they declared the right to protect them.

581. Then the whole benefit resulting from the extension of the cultivation within the area of the chief holding, accrued to the holder from the Government?—The whole benefit.

582. And no further account was taken of anything that was to be done within the holding?—No.

583. And no further assessment was to be made, whatever might happen?—No. In the laws of 1793 of the Permanent Settlement, the Government exhausted language to declare that the settlement was made in perpetuity, and that no addition should be made to it on any pretence.

584. Was there any reservation of what may be called the Parliamentary right, or the Legislative right, to raise a new tax generally for any purpose upon land?—No, there was no reservation made at that time.

585. I am speaking now of language; not whether there is, by implication, any such reservation, but whether in the language of the Act there is any such reservation?—No; they have tried very hard lately to discover it, and have failed.

586. The right depends upon the ordinary rights of Government, not on any express language?—Yes. I wish to say with regard to the permanent settlement, that it was, in my judgment, a great error on the part of Government to settle the revenue in perpetuity over an enormous tract of fertile country, which, it is to be remembered, at the time Lord Cornwallis made the permanent settlement, had been reduced to a very low state, by a frightful famine that took place in the year 1770, which is supposed to have destroyed—and, I think, is stated by Warren Hastings, in one of his Minutes, to have destroyed —ten millions of people. Some say it was supposed to have destroyed one-third of the population of Bengal, and others say that it destroyed six out of every sixteen people. The consequence of this was, that some large tracts of country fell out of cultivation, and became inhabited only by tigers and wild boars; and at the time that the permanent settlement was made a very large proportion of the country was a desert, and therefore the revenue could only be assessed upon the land which was in cultivation.

587. As a matter of fact, has there been a great increase of arable cultivation and tillage cultivation of all kinds, of the land permanently settled, since the settlement?—An enormous increase; but I hold, and I wish to state the opinion, that the permanent settlement was not only unfair on the part of the Government as towards itself, and towards the people which it represented, but it was very unfair to the people at large; for I believe the land revenue of India was a sort of common stock, and the Government share of the rental of the land no more belonged to anybody of the agricultural class, whether zemindar or ryot, or whatever he might be called, than it belonged to the merchant or the artisan or the manufacturer of the town; it was the common stock of the Government of the State for the common benefit, and they had no right whatever to give this which belonged to the whole community away to a particular class; and I think that by so doing they robbed all the rest of the community, and have made it as you see in the present day, a necessity to lay on additional taxes, property taxes, and salt taxes, and other taxes, which would not have been necessary, to that extent at any rate, if the Government had not given away the birthright of the people.

588. But apart from the errors of the past, which I think we had perhaps better not pursue further, what has been the effect of this settle-

Mr. *R. D. Mangles.*

28 March 1871.

ment as regards the relation now of the land revenue in Bengal to the income of the land which is subject to that settlement?—If you will allow me to say so, we are pursuing exactly the same mistake now, and that is why I insisted upon the point. The Government of Sir Charles Wood ordered or permitted a permanent settlement to be made of the whole of India that had not been permanently settled before. It has not been followed up, happily as yet.

589. Has not the good sense of the Governments in India made it a dead letter?—It has not been followed up certainly; and one or two spokes have been put in the wheel, which have considerably retarded, or, perhaps, prevented it, but it was a most suicidal act.

590. Can you give us any information as to the relation that the land revenue of the permanently settled provinces bears to the supposed income of the land?—It is very difficult to say; it is guess work to a very great extent, because very little is known; but when I was in the Board of Revenue I tried one or two tests that I applied to it. The Board of Revenue is a Court of Wards, and we had a good many estates of minors and of female proprietors under our charge, and those we administered as guardians, and I think that in those cases, on an average at least, the revenue of the zemindar was fully double the revenue of the State.

591. Is it correct to say that there is a constantly increasing divergence between the permanent settlement made in the last century and the present value of the different holdings?—A constantly increasing divergence. I remember one case: it was a very small estate, the revenue of which was only 100 rupees, or 10*l.* a year, and what we let it for to a farmer during the minority of the proprietor, and of course the farmer got his profit besides, was 33 times what was paid to the Government.

592. Would that have arisen from the circumstance that, in the time of the permanent settlement, the village was uncultivated?—It may have originated from one cause or another; I do not know the cause.

593. It would arise from causes of that kind?—That was probably one cause, and it might have been from carelessness, or corrupt assessment at the time.

594. You think that no sufficient means were taken to verify the propriety even of the settlement on which the permanent settlement was made?—I do.

595. Was it made on an average of past years, or on what principle was it made?—On an average of past years.

596. And at that time I presume the means of ascertaining accurately the settlement were very slight, as far as the British Government were concerned?—Yes; it was not only that this terrible famine had depopulated the country, but the country had been rack-rented on a succession of short leases till the people were very much impoverished.

597. Has there been a divergence also in the opposite direction, of the holdings becoming of less value than they were first settled for?—Certainly some have, from accidental causes; from a river washing away the land, or some causes of that sort; but those cases are very rare in comparison; and lately Government has sold a number of estates which had fallen into its own hands, and they have got very high prices for many of them.

598. But have many of the estates fallen into the hands of the Government in consequence of the holders being unable to continue to pay the revenue under the permanent settlement?—The law provided that in such cases they should be sold by auction, so that comparatively few fall into the hands of Government, but a great many estates changed hands. The zemindars were greatly sold out in the years immediately following the permanent settlement. Of those upon whom the permanent settlement was conferred, a very large number lost their estates through not paying the revenue.

599. You draw a distinction then between what you have described as occurring, and falling into the hands of Government, because the law requires, not that the Government shall become the owner in such cases, but that they shall sell it and pay the revenue out of the price?—Pay the revenue out of the price, and pay the balance to the proprietor.

600. And the person who buys becomes the absolute owner in perpetuity of the estate?—Yes; he succeeds to the same rights that the first holder had.

601. But in any of these cases has it been necessary to reduce the amount of the revenue in order to give to the holding a saleable value?—No, we never reduce.

602. No estate was permanently assessed so highly that the profit to the proprietor could not pay the revenue?—No, I believe none. I said there was great recklessness, but I believe there were no over-assessments. The first proprietors were wretched men of business, and they did not know or believe that we were so thoroughly in earnest, and that it was really intended by Lord Cornwallis that they should pay the revenue to the day; and I have often heard it said, that when a native of Bengal says he will pay a certain sum on a certain day (which was what they stipulated to do), he only means that about that time he will pay some money; but when the collectors came down upon them for a definite sum, on a certain day, they were very much surprised, and many of them had made no preparation, and the estates passed out of their hands; there was a great change of property then.

603. Then the revenue sales which have taken place may be ascribed to the inexactness and improvidence of the holders?—Yes, in regard to those early sales.

604. The effect has been to transfer the property probably into the hands of more provident people?—Yes.

605. Were the proprietary rights under this revenue system much mortgaged and dealt with?—Yes.

606. At the present time is the revenue punctually paid under the settlement?—Yes.

607. The proprietary rights are such as to secure that?—Yes; and the prices which they fetch when sold are very good. Many of the estates are sold at very large prices. Many proprietors who wish to sell their estates fall into arrear in order to let them go to the public auction, which they believe will give them the best price.

608. Is that for the purpose of giving the statutory title of a revenue sale?—Yes; it obliterates all leases granted by the man who has gone out; it throws it back to the permanent settlement. The purchaser comes in with the same rights as the man who was settled with by Lord Cornwallis.

609. Do

609. Do you mean that all of those estates are forfeited?—All leases granted by the man who sold out are forfeited.

610. But does that go back as far as the settlement by Lord Cornwallis?—I think it would; but many classes have since been protected by special laws. A very large class of tenants called putneedars, of the Rajah of Burdwan, for example, have been protected by a special law.

611. Those are persons who hold under leases in writing, and registered?—Yes.

612. There is a law which gives certain under-tenants the right to hold their tenures good against the sale by the Government?—Yes; and of late years the ryots have been more especially protected by the law, which gives a man a permanent right who has held for 12 years at the same rent. But from the time that the permanent settlement was made the laws have alternated in a very curious way. At first it was found when, as I said, the zemindarees were sold in large numbers, that the zemindars complained: "You, the Government, have an absolute and indefeasible right to come down upon us to pay to a certain day, and we have not the same right and power as regards our tenants; therefore we cannot collect the revenue which you call upon us to pay. Give us equal powers, or some powers that shall enable us to collect our rents with certainty." Then the law gave this power to the zemindars; then it was found that the zemindars abused this power, and then the pendulum swung back, and laws were enacted to protect the ryots in their holdings, and to give them the power of replevying. Then it was found that the ryots abused this power as against the zemindar; and I remember one zemindar told me that he had at that time 3,000 suits against him to replevy demands which he had made, in order to prevent his collecting his rents. He said that he could not pay his revenue in consequence. It depended very much upon the character of the individual how the ryots fared. If he was a man of a soft and easy temperament, his ryots robbed him; but if he was a man of Sir Giles Overreach kind, he worried and oppressed his ryots. And the laws have gone on alternating very much, helping first one party and then the other.

613. What is the present state of the question?—I think the ryot has got very much the upper hand now; I mean that he cannot be very much wronged. This last law, which gave greater stability to a tenure of 12 years' standing, has very much strengthened the hands and position of the ryot.

614. Is it now the state of the question, that apart from special grants and leases in writing registered, the customary holding of the ryot is that of ownership, subject to the payment of his rent or revenue to the superior holder?—Yes; I do not believe that the zemindars generally consider it to be their interest to oppress their ryots. A ryot is like a good fair tenant in England. A man does not willingly get rid of him; and I do not believe that the zemindars in Bengal, as a body, do oppress or rack their ryots.

615. However, these are all transactions which in no way affect the revenue derivable from the land in the permanently settled provinces?—No; the Government comes upon the zemindars, and it knows nobody else as regards its own payment; and the revenue is paid up with extreme punctuality in Bengal.

616. Is the expense of collecting the revenue under the permanent settlement comparatively small?—Very small. I could not say what it is without book, but it is very small. The zemindars come in and pay it, because the laws have been made of late very stringent with regard to the payment, which, I believe, was in the interest of the zemindars themselves. Formerly sales that had been held for the recovery of the arrear of revenue were reversed; it was thought an act of moderation and clemency not to make the law stringent; but it was found latterly, that it was an act of real hardship to make a sale uncertain, because the seller did not get the proper and full price for the land when the purchaser did not know for certain that he would get the estate which he was bidding for. The law was, therefore, made more stringent, and it has very much decreased the number of sales, and those who do sell get a better price.

Mr. *R. D. Mangles.*

28 March 1871.

617. In the event of a great drought or famine, is there any system by which the landowner can be made to assist his subordinate owners, or does that fall in any way upon the Government?—He can only be made to do it by persuasion. Some good zemindars do it very largely and very bountifully, and others do not do it at all.

618. In the permanently settled provinces, has the Government ever been called upon to make large payments in order to maintain the country, and to preserve the population of it from famine?—Yes, at times.

619. Without being able to recoup that from the landowners?—Yes; you have no hold upon them, and if they choose to allow the ryots to starve, the Government cannot allow them to starve. But, except in the recent case of Orissa, I do not remember in my time (which goes back many years) any serious famine in Bengal. Bengal is a very happy country in that respect; it is a well watered and moist country, and not subject to drought; and we have had no serious famines in my day, except that in Orissa.

620. Are you aware whether the landowners of Bengal at the time of the permanent settlement, performed any duties to the State?—Well, they had their duties to perform with regard to the police, but they were released from those by Lord Cornwallis, and the State took upon itself the whole of the expense and management of the police.

621. Then there are no claims whatever upon any landowners to perform any service to the public?—No, I think not; they are bound to appoint and provide for paying the village constables, but nothing further.

622. Are they responsible in any way for the peace of the village?—No, I think not; I was never a judicial officer, so that I cannot answer these questions with certainty.

623. Are the holders from the Government entitled to divide their holdings?—Yes; there is the law of what is called Butwarah, under which they can divide, and do divide their estates.

624. Does the Government make a separate collection from each holding?—They call upon the collector to make this Butwarah, or division, and the collector apportions the whole revenue of the estate upon these several portions.

625. They become, then, severally liable henceforth to the Government for their share?—Yes; and a great deal of fraud was perpetrated at one time in that way. A man divided his estate, and put a dependant into the part that he wanted to

Mr. *R. D. Mangles.*

28 March 1871.

get rid of, which was perhaps a salt marsh (I know that in the Chittagong district that occurred). The man got a Butwarah of his estate, and got rid of that salt marsh, which he put in the name of a dependant for the time being. I think that 12 years is the time after which Government cannot have any revision of an act of that sort; and then after these 12 years had expired, the dependant whom the zemindar had put into this salt marsh, as part of his estate, threw it up. Nobody would buy it, as it was known to be valueless, and the man got the whole of the valuable part of his estate for perhaps half or two-thirds of the revenue.

626. As a matter of fact, is the land revenue as much, or more or less, than it was at the time of the settlement of the permanently settled provinces?—It is considerably more.

627. To what causes do you attribute the increase?—There has been a great deal of what is called resumption; that is to say, the proprietors of the rent-free tenures have been obliged to pay revenue.

628. When did the Government have their attention called to the fact that in the permanently settled provinces there were estates not paying any revenue?—It was known and provided for at the time of the permanent settlement. It is distinctly stated in the law of the permanent settlement that this settlement is made irrespective of the rent-free tenures which the Government claim, and, which they will look into and assess at the proper value; it was declared that the revenue was made irrespective of those holdings.

629. In the original law I think they defined accurately what grants of rent-free lands would be recognised, did they not?—Yes; there are two distinct laws of 1793, one for grants made by private individuals, that is, governor zemindars, and such like persons, and the other for royal grants.

630. And they prescribed the period?—They prescribed the period, and prescribed the mode of acting to recover the revenue.

631. And all rent-free lands that were not covered by those particular clauses were left open to revision?—They were left open to revision.

632. When did the Government begin the revision of exemptions?—They began very tardily and insufficiently very soon, I think, after the permanent settlement; but they did not begin in earnest till 1819.

633. Did they then proceed with vigour?—They then proceeded with some degree of vigour, and then they proceeded more vigorously in 1828; and altogether they have recovered a very considerable amount of revenue; I think that in the five districts which constitute the Province of Behar (there the rent-free tenures were most numerous), the Government recovered as much as 250,000 *l.* a year, or 25 lacs.

634. Has that process of examination come to an end yet?—Yes; it ceased many years ago.

635. Under what circumstances?—The field was exhausted.

636. They had gone over all the exemptions?—Yes, they had gone all over.

637. Will you be good enough to state what has been the increase of the land revenue of the permanently settled provinces, from the first settlement up to the present time, and explain causes of the increase in that period?—It is very difficult to answer this question with any certainty of correctness, because since that date of the permanent settlement certain tracts, such as the Provinces of Orissa and Assam, not included in that measure, have been brought upon the rent-roll of Bengal. But I see that it is stated in the Fifth Report of the House of Commons that the revenue of Bengal in 1799 was 2,650,000 *l.* Mr. Prideaux, in his evidence in 1853, said that it was then 3,500,000 *l.* It has steadily increased since that time, and the amount given in the accounts rendered this year (1869-70) is 3,901,872 *l.*

638. Sir *C. Wingfield.*] You are, no doubt, well acquainted with all that Mr. Holt Mackenzie wrote on the subject of the Bengal settlement, and there is a very graphic passage in which he describes the settlement. I will just read it to you and ask you if that is not an accurate description, and whether you do not concur in it. He says: "Our settlements were made in haste on general surmises, on accounts never believed to be accurate, and never brought to any clear test of accuracy, on the offers of speculators and the bidding of rivals; on the suggestions of enemies; on the statements of candidates for employment, seeking credit with the Government by discoveries against the people; on information of all kinds generally worthless; the collector and community playing a game of brag, in which all knowledge was on one side and all power on the other"?—I believe it is impossible to exaggerate the recklessness and carelessness, and fraud in some instances, with which the permanent settlement was made.

639. As to ascertaining anything about the component villages forming a zemindar's estate, I fancy the settlements were made very much as we made a temporary settlement, immediately after annexation, in Oude with the great talookdars, that is to say, the settlements were made with the talookdars for their aggregate estates, leaving it to them to file lists of the villages which composed those estates?—Yes.

640. The consequence of it was that it was not discovered till some time after of how many villages the estates were composed?—Yes. In the case of Midnapore it was found afterwards that some of the villages settled in a lump were at a distance of 30, 40, or 50 miles; in fact, in another district far away.

641. Sir John Shore was in favour of settling with the zemindars, but pleaded for delay for time to make inquiries, did he not?—Yes.

642. He said, "We do not know what rights in the soil there are under the zemindars"?—Yes.

643. Thus the one great defect of the Bengal settlement was that subordinate rights were overlooked?—Yes.

644. And that there would have been found very much the same rights there in Bengal as were found in other parts of India?—I could not exactly say that, because I think that there have been such long years of oppression and mismanagement, and misgovernment, before our time, as well as after our time, that those rights had been very much effaced in Bengal, and the people of Bengal have not the back-bone which the men of the upper provinces, the north-west provinces, have, and they are more submissive and more easily cowed; and the zemindars terrified and bullied, they robbed and wronged them, and I think their rights very much disappeared in Bengal.

645. But Mr. Holt Mackenzie said that he considered what are called the old cultivators in Ben-

gal to be identical with the village proprietors of Upper India, and that the only difference which he could see was that the proprietary rights of the Bengal communities in the village lands were not so strongly held as by the northern peasantry, which he attributes to the less vigorous character of the people, and that is very much what you say?—Yes.

646. And I daresay you recollect that famous minute of Lord Hastings, that was written in the year 1813, in which he says: "In all these tenures in Burdwan, in Behar, in Benares, and in Cawnpoor, from what I could observe, the class of village proprietors appeared to be in a train of annihilation, and unless a remedy is speedily applied, the class will become extinct. Indeed I fear any remedy would come too late to be of any effect in the several estates of Bengal. If it were the intention of the regulations to deprive every class but the large proprietors who engage with the Government, of any share in the profit of the land, that effect has been accomplished in Bengal. No compensation can now be made for the injustice done to those who used to enjoy a share of the profits under the law of the empire, and under institutions anterior to all record of the transfer of their property to the rajahs." You quite concur in that?—Yes, I do. I doubt whether under any Asiatic government the rights of the lower classes were so well protected as that seems to intimate; but they were much better protected than they were by us.

647. And in other parts, where the peasantry were of a more warlike and vigorous character, they protected themselves?—Yes.

648. In Bengal, being of a feebler race, they succumbed sooner?—Yes; that is exactly it.

649. I see that when Mr. Holt Mackenzie was examined before the Committee, in 1832, he said that he calculated that at that time the Government had lost three millions annually by the permanent settlement?—That is about what I said, that the zemindars had at least as much more as the Government had. And I think that is very much under the mark. I think that the Government have lost fully three millions a year.

650. If Mr. Mackenzie's estimate of three millions was correct, then the loss would now be greater, in consequence of the great rise of prices that has taken place, would it not?—No doubt it would.

651. Do not you think that all the advantages in regard to security of tenure and confidence in the Government, which flowed from the permanent settlement, would have been equally secured by a settlement for a long term of years, say, 59 years?—Quite so. I think that a 30 years' settlement would have done everything that was done by the permanent settlement. I believe that every acre of land that has been newly brought into cultivation and recovered from waste under the permanent settlement, would have been brought under cultivation by a 30 years' settlement, or by a succession of 30 years' settlements one after the other.

652. And then it would have given time to ascertain and preserve the subordinate proprietary rights?—Quite so.

653. And has it not been in your opinion one of the results of sacrificing so much revenue in Bengal that we were compelled to assess, or rather we were led into assessing our subsequently acquired territories in Upper India too highly?—Well, there was certainly in our first settlement of the North Western Provinces great over-assessment, and it led to very great evils, and hardships, and wrongs; but you will remember that a man who was a collector, was looked upon as a good officer, and was highly in favour with the Government if he made a high settlement. We have become wiser now, and certainly the tendency of Government in all parts of India, and of all their servants, is towards very moderate assessments; but formerly, the men who made the highest assessments were thought to be the best officers.

654. When this permanent Bengal settlement was made, the basis of the calculation was to take ten-elevenths of the assumed rental, was it not?—Yes.

655. Therefore if they had really got at the rental, the assessment would have been ruinously severe?—No doubt it would.

656. And the result has been that where there was an immense deal of waste land, the assessment is ridiculously light, and where the land was pretty fully cultivated at the time, it has been a heavyish settlement?—Yes, in a few cases it has been heavy, but in the vast majority of cases, from one cause and another, the settlement has been practically very light.

657. Now it is on record in the statement of a Report of the Bengal Government, that one-half of the landed property of Bengal was sold for arrears of revenue by the year 1815?—I do not know what proportion, but I stated that a very large proportion had been so sold.

658. And with regard to the reason why so much of this land was sold, I think you described just now several causes; but I believe one of the main causes was the absence of any coercive power on the part of the landholders, to enforce their rents from their tenants?—Yes, that was one cause; and another was that many of the landholders were bad men of business, and did not understand their own affairs.

659. And most of the principal landowners in Bengal now are the descendants of the men who bought these estates at auction sales, are they not?—Yes.

660. The old gentry of the country, the old landholders who were of the ancient families, were mostly sold out?—Many of them were no doubt, but a great many still exist, especially in Behar, I take it.

661. But the effect, in short, of that permanent settlement was to involve in common ruin most of the landholders with whom it was made, and the subordinate holders who were sacrificed to them?—Many of the landholders, I would not say most, but many.

662. You said just now that under the sale laws, when an estate is brought to auction for arrears of revenue, all under tenures created since 1793, that is to say, since the permanent settlement, are cleared away?—Yes.

663. Then you specified certain reservations made in the case of certain tenures on the Rajah of Burdwan's estate?—I only mentioned those as an example; but certain tenures have been protected by specific laws.

664. I think now, by a general law, holders of under tenures can apply and get the proportion of the Government assessment entire on the estate allotted to their several holdings, and by lodging that money can save their holdings from being involved in the sale of the estate for arrears of revenue?—I think they can. It is a law passed

Mr. *R. D. Mangles.*

28 March 1871.

passed since my time, but I think that is the law.

665. Your experience and study of the Bengal permanent settlement render you very averse to repeating the experiment of a permanent settlement in any other part of India?—I did all I possibly could to resist it as a member of the Council of India, and I got very little support from my colleagues. Lord Lawrence was very strong in the opposite direction, and one or two other members of the Council; but I believe that since they have seen the consequent necessity of imposing other and bad taxes instead of that wise and good tax (for I believe that a tax upon rent is the very best tax in the world), the members of the Council have very generally come round to the opinion that to extend the permanent settlement would be a great mistake.

666. I think that minute of yours to which you refer was published in 1862; at least I saw a copy of it then?—It was published in the Parliamentary Papers.

667. Mr. *Birley.*] At the time of the permanent settlement by Lord Cornwallis, was the uncultivated land included as well as the cultivated?—Yes, the whole estate.

668. Whether it had gone out of cultivation or not?—Yes, and the zemindars at one time claimed the whole of the Sunderbuns (which is an enormous forest stretching down the whole delta of the Ganges to the sea) as part of their permanently settled estates.

669. When these estates fall into the hands of the Government, are they re-settled under the permanent settlement?—They have been sold of late very much by auction, and settled upon the terms of the permanent settlement; the purchaser bought the estate, subject to the rent of the permanent settlement.

670. But the Government have never introduced the plan of putting them upon some other terms of assessment?—I am not aware that they have altered the terms of those that are under the permanent settlement.

671. Has this system of selling by auction these estates ever been used by proprietors intentionally to obtain the advantage of a sale of the estates?—Yes, as it abrogated the rights of under-tenants it rendered it more desirable to a purchaser to get the estates so released from the obligation of under-tenants.

672. When you first spoke of the subject, did I rightly understand you to say that these estates were sold by auction sometimes, because in that way a better price was obtained for them owing to the rights of the under tenants being abrogated?—Yes, a man allowed his estate to fall into arrears purposely with the intention of getting it so sold that he might get the better price. It is not a common occurrence, but it has happened so occasionally; I am happy to say that there are very few sales now for the recovery of arrears of revenue since the rules have been made more stringent, and a man knows that if the sale takes place it will be confirmed, and his estate is gone; they take care to pay now.

673. Will you tell me what is the effect on cultivation of the light taxation which the permanent settlement involves; does it stimulate cultivation?—The zemindars do very little towards it. There has been a constant increase of population, and, with the increase of population, cultivation has gone on; it is self-acting.

674. But you could not attribute a great improvement in cultivation to the light taxation?—Not the least; there is no improvement in cultivation at all. The ground is only scratched. That is one of the greatest evils in Bengal, that though the settlement has been so light, the zemindars have done nothing to improve their estates. Not one man in a hundred, probably, is induced to do it; and, of course, as cultivation increased, and more ryots came in, the zemindars got better rents, and they have been satisfied with that.

675. In some cases the estate has fallen into European hands, I think?—Yes.

676. Then have you seen any great tendency to improve the cultivation?—Generally they have fallen into European hands for the purposes of indigo cultivation. Some years ago there was a very serious quarrel between the ryots and the indigo planters, the latter wishing to coerce the ryots to grow indigo at certain rates, which they did not consider so profitable as growing rice or growing other articles, consequently there was a great collision, and a great outcry against Sir John Peter Grant, who was then Governor of Bengal, because he took a humane and just view of the case.

677. But, after all, the European estates are a very small fraction of the whole, and do not influence the question much?—A very small fraction.

678. Mr. *Beach.*] Were the ryotwaree settlements, made by Lord William Bentinck, applied to the provinces of Bengal?—No, because it was all settled by Lord Cornwallis many years ago.

679. Then no law was passed for the protection of the ryots till this law, which you alluded to with respect to those who had occupied the same land, for 12 years?—Yes. I told you that there was a constant alternation of laws. First, there was one in favour of the zemindar; then he was thought to be too powerful and to oppress the ryot; and then there was a law passed to give the ryots more means of resistance; and then it was found that the ryots were too powerful; and, as I told you, one man had 3,000 suits brought against him by his ryots.

680. Has the object of Lord Cornwallis been attained in very many cases; have the zemindars attained rank as landed proprietors; those, I mean, who have possessed the same estates since the permanent settlement?—They are opulent landed proprietors, and some few of them, have laid themselves out to found schools and to improve the condition of their tenantry; but I do not think that I ever heard of a zemindar who made a road, and only one or two who did anything in the way of irrigation; they have been content to receive their rents and feed upon them, and do nothing.

681. One argument that was used in favour of a permanent settlement was, that it would give the proprietors an interest in the stability of the government?—Yes, no doubt, that was Lord Lawrence's strong argument in favour of a permanent settlement of the North Western Provinces that it would so conciliate the people, and that they would have so strong an interest in supporting the British Government, which had granted them that great privilege, that it would answer in that respect. That was his great argument and his only argument, I think.

682. It was reputed, was it not, in the time of the rebellion in one especial case, when a distri-

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where the permanent settlement had taken place, was most persistent in its resistance to us; I allude to Ghazeepore?—I do not remember the fact in regard to Ghazeepore; but this I know, that as a general rule the behaviour of the people towards the Government corresponded with the length of time that they had been under the Government.

683. In other respects the permanent settlement has been productive of no good results, inasmuch as the land revenue of the province of Bengal bears a much less proportion to the general revenue than the land revenue in other provinces does?—I think it does.

684. It is little more than one-fourth of the gross revenues, whereas in the north-western provinces it is two-thirds, and in most of the other provinces one-half?—Yes; but there is a fallacy in that, because I take it that the opium revenue is counted in the revenue of Bengal, and probably the bulk of the salt revenue; and therefore you must compare the land revenue of Bengal with the land revenue of the other parts of India, and not with the whole revenue.

685. As the receipts of the Government are not increased in the province of Bengal, where it is permanently settled in the same proportion as they are in other provinces, does the general revenue benefit by the increased prosperity of the country very much?—It was one of the arguments in favour of the extending the permanent settlement to the other provinces, that if you gave the people a fixed proprietary right, and only a certain revenue were demandable from their land, it would be easy to find other modes of taxation. I think that argument has entirely broken down, for you have the best proof possible of the failure in Bengal; you can no more get any additional revenue in Bengal than you can in any other part of the country.

686. Mr. *J. B. Smith.*] I believe you formerly held very strong opinions upon the question of the permanent settlement?—Yes.

687. Has there not been a very great change in opinion amongst those who were in favour of a permanent settlement, and are they not now against it?—Yes, I think that nearly all my colleagues in the Indian Council now see that the permanent settlement is a mistake.

688. Is it the fact that the condition of the people in Bengal is better than it is in those places where there is no permanent settlement?—No, I do not think it is. All Bengalees are remarkably weak and depressed people, without energy, and without courage; I mean compared with the natives of other parts of India; and the Bengalee ryots are more oppressed, and I think that they are not so well off as the ryots of the North Western Provinces, which are not permanently settled.

689. Then so far as Lord Cornwallis expected that the condition of the people would be better by being under zemindars, who would have an interest in their welfare, it has proved the contrary?—I think it has.

690. They have not laid out money in improving the condition of the people?—No; as a general rule they have laid out absolutely nothing; there are a very few individual instances to the contrary.

691. But is there not from time to time a great expenditure on the part of the Government in Bengal; for instance, in the great road and in the Ganges Canal?—That is in the North Western Provinces.

692. But is there not a Grand Trunk Road from Calcutta?—Yes.

693. Bengal must have benefited very much from that?—Yes.

694. That was a work exclusively paid for by the Government?—Yes, by the Government entirely.

695. And the zemindars contributed nothing to it?—Nothing.

696. But their revenue must have been very much improved by it?—Yes, where it goes through cultivated land; but the road was made very straight, and in Bengal the Grand Trunk Road goes for a long distance through wild country; but whenever it goes through cultivated land no doubt it has greatly improved it.

697. Then there are the railroads; they have added very largely to the value of the land, have they not?—Those are a vast improvement no doubt.

698. Do not you think that the zemindars are equitably bound to contribute something towards those expenses which have so much benefited their land?—There is no doubt that they are morally bound to do so; but the difficulty is that you have made the permanent settlement so stringent. I mean as to your promises and obligations, and what you bound yourself to do, that it is very difficult to get a penny out of them without laying yourself open, and justly open, in many cases, to a breach of faith. You have tied yourself up so tight that you cannot release yourself, and that is the great difficulty. No doubt they are bound; but you made the permanent settlement, and pledged yourself that you would take nothing more from them.

699. But you never pledged yourself to make these improvements, did you?—No, you never did, certainly; but you would punish yourselves and the country, and be bad rulers if you sat still and did not make such improvements. There is a talk of the deficit of the revenue of India; but there is no doubt that there would be no deficit at all if you did not spend money in public works. You voluntarily spend this money in public works, and therefore you create a voluntary deficit.

700. Would there be any advantage in saying, from this time forward we will make no more improvement in Bengal unless those who benefit by the improvement contribute to it?—I should be very sorry that the Government should abstain from making improvements. It would be very desirable, if you could, to persuade the zemindars to contribute. Now the other day a matter came before the Council which is exactly in point. In the Hooghly district, which is about 30 or 40 miles above Calcutta, there is an immense swamp. It was found to be very deleterious to the health of the people, as well as to the cultivation, and the Government tried to persuade the landholders to agree among themselves. The Government offered, "We will find the money to do it if you will pay us back with interest in so many years." Some of the more intelligent zemindars readily agreed, and said that they would consent to it, and would tax themselves for a time to reimburse the Government for draining this swamp, which I suppose would have added to their income very much. But they said, "We cannot get the others to consent," and the only way, as they urged upon the Government (and the Government have consented

Mr. *R. D. Mangles.*

28 March 1871.

sented to it) to do it, is to pass an Act, like a Railway Act in this country, compelling everybody who is interested, and who will be benefited by this work, to contribute rateably towards carrying it out; and I believe that that Act has actually been passed at this moment, and the Government will execute that work, and be reimbursed by those who benefit by it. That is a case in point.

701. But is there anybody in India who would consider an Act of that kind unjust?—I dare say that those who would not contribute voluntarily, would consider it unjust; but no enlightened man considers it unjust, and it was pressed upon the Government by the enlightened part of the native community; the zemindars, who were really men of intelligence, pressed it upon the Government that they should pass such a law.

702. Mr. *T. Bazley.*] When the permanent settlement was first established, great public works, such as railways, were not in contemplation?—No, certainly not.

703. The land in Bengal was surrendered, but were uncontemplated works also surrendered?—They bound themselves to put no more tax upon the landholders, and therefore they surrendered the means of making the public works; they could not surrender the public works themselves, for they did not exist.

704. Would it not be a very just assumption, that where a great and beneficial public work is suggested by the Government the landholders in Bengal should contribute to that new work independent of the surrender of the soil to them under the Cornwallis Treaty?—Well, as I said, it was made so strong, language was exhausted to assert that the Government would take nothing more than that permanent assessment, that it would be very difficult indeed to get more money without great risk of breach of faith, and without the certainty of being accused of breach of faith with very considerable plausibility. If the Committee look at the laws of 1793 they will see in what reiterated terms the Government declared that they would take nothing more.

705. Then you think that the Government should not make exactions for which they did not compensate the landholders in Bengal, by new public works?—Public works would be greatly for the benefit of the landholders, but it would be very difficult to persuade them to contribute to their execution, except in the exceptional cases of very intelligent men.

706. A short time ago you said that you thought rental was a fair property to be assessed for taxation?—Yes.

707. Is not the floating property of the country under the protection of the law, and should not it also be subject to exactions from the State?—No doubt, but the difficulty is to get at it. With the exception of what is got from the public servant, who is first paid his salary, and then is taxed so much per cent. on it, and from the fund holder, who has lent his money, and is taxed so much per cent. upon it, the product of the income tax in India is lamentably small; you cannot get at, or reach, or discover, in such a way, as to compel payment, the income of the people.

708. But in the abstract, you approve of the property and income tax?—I think that a property and income tax is a fair tax, but you cannot enforce it in Bengal.

709. Mr. *Lyttleton.*] I understand, that in the case of non-payment of land tax, the remedy on the part of the Government is sale by auction of the property?—Yes.

710. There is no seizure of crops as there is in the Western Provinces?—No.

711. It is the first step taken?—The first step, and the only step taken.

712. When is it taken?—It may be taken at every instalment that is due of the revenue.

713. Does it often happen?—No; I say that in the present day sales by auction are comparatively very rare.

714. Supposing that the opinions that you hold with regard to the non-advisability of a permanent settlement, were to become more and more spread, would it not become possible, that by means of these sales by auction, a great breadth of the land now permanently settled, might be got back again into the hands of the Government and settled on different conditions?—I think you would have to pay so much for it, that it would not be a very good bargain; you would have to pay so much to get it back, that you would be the loser.

715. In point of fact, it is not the practice of the Government, when these estates do revert to the Government, to settle them on different conditions?—No, they have not often, if ever, done it to my knowledge. I do not know that they could. They certainly now usually sell them on the zemindary tenure.

716. Is it not felt to be a hardship in some cases that on non-payment of rent, in consequence perhaps of some accident, the proprietor should be sold out?—Well, it is the bargain, and it is a very good bargain for the zemindar. The permanent settlement is an arrangement very much in favour of the landholder, and sale in default of payment is one of the conditions of it.

717. But in 1815 there was a very large selling out of zemindars?—There was; at the first, very large.

718. That is not likely to recur?—No.

719. But if it did happen, it is likely that that class of zemindars would become disaffected and disloyal subjects, is it not?—I do not see the possibility of its recurring.

720. Mr. *Eastwick.*] Do you think that the circumstances of the ryots in Bengal, under this permanent settlement (I am speaking now of the cultivators under the zemindars), have improved or not?—I think of late years they have improved. The law to which I have referred about the 12 years' tenure has been a cause of improvement, and in the disputes with the indigo planters, though the indigo planters were superior men from their position, the ryots made a very good fight against them in the assertion of their rights; and I think, from the long time that they have been under our Government, and from the knowledge that they can have recourse to courts of law for their defence and protection, and to the magistrates, the ryots are stronger than they were, at least I should say so.

721. Have there not been statements made by missionaries and others of the great distress of the ryots in Bengal, and their utter poverty?—I think those statements are exaggerated; I do not deny that there is poverty, but I think that upon the whole their condition has improved; that is all I meant to say.

722. The zemindars no doubt are very wealthy, I suppose?—Many of them very wealthy indeed.

723. Do

723. Do you think that they have saved money, that they hold large sums of money?—Yes; many of them a great deal of money that is employed in trade in Calcutta, which is very large, from the accumulated wealth of landholders. Most, I should say, of the native merchants in Calcutta engaged in business are also landholders.

724. Do you think that they spend a good deal of money, or that they save it?—They are a very saving people, as a general rule.

725. They do not invest money in European goods, for example?—They furnish their houses, many of them, very handsomely, and have carriages, and mirrors, and pictures, and things of that sort.

726. Would it not be possible to touch them by a horse tax or a carriage tax?—That would be a comparative trifle. I think that since my day there is what is called a wheel tax in Calcutta.

727. There being an income tax, how is it, if they have large sums invested in commerce, that you cannot touch them there?—They make their returns. The returns in this country are supposed to be very far from the truth, and in India you have even less hold upon the morality of taxpayers than you have here.

728. Although this permanent settlement is a great loss to Government, still I suppose it is for the general advantage of the country that there should be a number of rich people rather of the upper classes, as these zemindars are, with the ability of assisting the lower classes?—But they do not do it.

729. But they may be gradually brought to do it by education, may they not?—I hope they may. Some of them, I know, have done a good deal in the way of schools, and in other ways, to promote the benefit of those under them, but as a general rule they do little or nothing. The benefit in the way that the honourable Member points out has not been at all commensurate with the sacrifice that the Government has made. If they had got the full revenue from Bengal, only think what a great deal they might do in the way of public works and improvements of that kind. And they might also dispense with bad taxes; they might dispense with the income tax. I do not think it is a bad tax as taxes go, but it is very obnoxious to the people in India; it is a novelty, and therefore odious.

730. It is an old Hindoo doctrine, is it not, that the digging of wells and the building of caravanserais and such other public works, are things which bring with them a future reward; and a great many such public works were made in old time at all events, on the foundation of that belief, were they not?—Yes, and some are made still, especially at Bombay, where the rich men and merchants appear to vie with one another very much in works of public benefit.

731. You do not find that in Bengal?—Not so much, certainly, and nothing like it. I think that the Bombay people, the Parsees, and some of the Hindoo classes of Bombay are a superior people to the Bengal people, not in intellect, because I believe the Bengalee is a man of the acutest intellect of any natives of India, but in public spirit they are very deficient.

732. Mr. *Bechett Denison.*] When you say that the condition of the cultivators has very much improved of late years, do you apply that without distinction to Bengal Proper, Orissa, and Behar, or do you make a distinction between the provinces?—I do not think it very much improved, but I think it is improved. It is a matter of mere opinion; it is a thing which you can hardly test. No doubt, in Orissa that dreadful famine came, and swept off some hundred thousand.

733. But suppose that the condition varies according to the race of people; for instance, that they are much better off in Behar?—Much better; the people of Behar are a much finer and manlier people, but they are not so acute in point of intellect as the Bengalee people. I know a gentleman, a connection of my own, who was moved, as an officer, from a Bengal district to a Behar district; and he wrote to me that he found a very great inferiority in the people there, in point of acuteness and intelligence.

734. But as far as material condition goes, they are better off?—Yes, they have more backbone and more energy of character.

735. But is not one fertile source of the impoverished condition of the cultivators in Lower Bengal, where they are little better than slaves, to be found in the excessive subinfeudation of the tenure?—I think that is the case; there is more squeezing; it is like the under tenures in Ireland. It is a most singular fact, but I have seen "whole pages" written about the state of Ireland years ago, long before these recent measures, which would apply perfectly to Bengal. I remember an article in the "Edinburgh Review" upon railroads in Ireland, from which you might have taken whole pages, and changing the proper names, have applied them to Bengal.

736. Is it not the case that a very large proportion of the permanent proprietors of Bengal have permanently alienated their own rights, that is, they have sublet them for a quiet sum?—Yes, I think they have done so, very largely.

737. That they have taken advantage of the permanent settlement with the Government to permanently alienate to their subordinates?—Yes; in the case of the Rajah of Burdwan, who is the largest landowner in Bengal, there is a large proportion of his estate let permanently to his under-tenants.

738. From whom, of course, the Government have no increased revenue?—No.

739. But the Rajah of Burdwan happens, on the other hand, to be one of those who set a good example to their countrymen?—Yes, he does; he is very much above the general average.

740. An honourable Member has desired me to ask this question: Benares is a permanently settled province; have not the Government often been obliged to make the same remissions of land revenue and other concessions to the landholders in Benares, as in temporarily settled estates; thus showing that the permanent settlement does not benefit the State?—Not in my time; I have no knowledge of such cases.

741. Did I rightly understand you to say that, never within your knowledge, has an estate that has been sold, been resettled on any other terms than that of the permanent settlement in Bengal?—I do not know of an instance. I am not quite sure that the Government would have the power to do it.

742. Then the Government derive no benefit whatever from the sales, beyond the recovery of their revenue balances?—No. The Government might do this: if the Government bought an estate, they might settle it ryotwar; that is, they might settle it with the ryots and remain the proprietors themselves; but I doubt whether they could

Mr. *R. D. Mangles.*

28 March 1871.

could settle it with a man and make a fresh bargain (or at least, they never have done so to my knowledge) like the permanent settlement.

743. But does not the fact of sale extinguish all subordinate rights?—Yes; but I do not think the Government would take advantage of that to annul *bonâ fide* rights of any parties. They might settle it ryotwar; they might settle it with the ryots and become the zemindar themselves, as it were.

744. Do you know at all to what extent the permanently settled estates have changed hands by reason of the Government sales?—It would be extremely difficult, I should think, to get that information at all.

745. The Board of Revenue in Calcutta would know that?—The Board of Revenue in Calcutta would find it no doubt among their records, but it would be difficult to get at it in this country.

746. The land revenue is by law payable on a certain day before a certain hour?—Yes.

747. Is it within your knowledge that tenders of revenue prior to the fixed day have been refused?—No, certainly not.

748. Is it within your knowledge, that owing to the closing of the Government office or the collector's treasury on holidays, estates have been brought to the hammer?—I should think not, I never heard of such cases; the Board of Revenue would come down very sharply on a collector who sold an estate when the money had been tendered.

749. Mr. *Grant Duff.*] Am I not right in thinking that your dissent from the permanent settlement despatch of the 9th of July 1862, was laid before Parliament in a Return moved for by Mr. Vansittart in the year 1862?—Yes, I think it was.

750. Do you recollect that at the same time there was laid before Parliament a very interesting Paper by Sir John, now Lord, Lawrence, taking precisely the opposite view from you?—Yes.

751. So that the honourable Members of the Committee who will refer to that Return will be able to find both views stated with the utmost fulness?—Yes. I mentioned just now that Lord Lawrence was the man who held that view, that it would do so much to conciliate the zemindars, and to render them anxious to support the Government, that it would counterbalance any disadvantage of loss of revenue.

752. I am right in thinking that you would consider that any honourable Member of the Committee who had read these two Papers would have the whole arguments on both sides clearly placed before him?—It would be vain of me to say that I have stated all the arguments on my side; I stated all that I could.

753. *Chairman.*] Are you aware that there has also been laid upon the Table a further correspondence between the Secretary of State for India and the Government of India, 1865-67, on the subject of the permanent settlement of land revenue in India, which states all that has been done in India since that despatch was sent in 1862?—Yes; but I do not think that I have seen those lists.

754. Mr. *Grant Duff.*] And your views as to the bearing of the permanent settlement upon the education and road cess question have also been laid before Parliament in a Return moved for by Mr. Kinnaird last year?—Yes.

755. With regard to that last matter, the bearing of the permanent settlement upon the education and road cess question, you dissented from the view that found favour with the Secretary of State in Council?—Well, I did partially, I rather gave in at last, for I thought it was so desirable that we should have it, but it was to me very questionable whether it was not a breach of faith.

756. The view that found favour with the Secretary of State in Council was, that the permanent settlement in Bengal did not bar the imposition of an education and road cess in Bengal in the way in which it was proposed to impose it?—Yes.

757. Your complaint against the land tax of Bengal is only that it was settled in a way far too unfavourable to the Government?—Yes, and that it was made permanent.

758. Have you any complaint to make against the settlement of the land tax in Bengal, except that it was too unfavourable to the Government?—No, no complaint, certainly, that it was oppressive to the zemindars, to the payers of revenue; it is most favourable to them, there is no doubt; but the claims of the ryots were overlooked and neglected.

Friday, 31*st March* 1871

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Fawcett.
Sir Thomas Bezley.	Mr. Robert Fowler.
Mr. Beach.	Mr. Hermon.
Mr. Birley.	Mr. Lyttelton.
Mr. Caye.	Mr. M'Clure.
Mr. Cross.	Mr. J. B. Smith.
Mr. Dickinson.	Sir David Wedderburn.
Mr. Grant Duff.	Sir Charles Wingfield.
Mr. Eastwick.	

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Sir ROBERT MONTGOMERY, K.C.B., G.L.S.I., called in; and Examined.

759. *Chairman.*] WHAT offices have you held in India?—I went through all the different grades, the lower grades of the judicial and revenue departments; I then came to the superior grades, and subsequently formed a member of the Board of Administration in the Punjaub.

760. In what year?—In 1851, with Sir Henry Lawrence and Sir John, now Lord, Lawrence. Then, on the Board of Administration being broken up, I was appointed Judicial Commissioner for the whole Punjaub in 1852, and subsequently, after the mutiny, namely, in 1858, I was sent down to Oude as Chief Commissioner, and then subsequently I was appointed to succeed Lord Lawrence as Lieutenant Governor of the Punjaub, which government I left in 1865.

761. Will you be good enough to explain to the Committee what was the state of the Punjaub as regards its land revenue at the time it first fell under British rule?—To do so it will be necessary to go back for two or three years before annexation. And I may briefly say this, that when Maharajah Runjeet Sing died, in 1839, complete anarchy prevailed for six years. The army became paramount, and invaded the British territories in the year 1845. A British force was hastily collected by Lord Gough, and Lord Hardinge, as Governor General, also united with him, and four very bloody battles were fought; the battles of Moodkee, Ferozeshah, Aliwal, and Sobraon, which led to our army advancing to Lahore, and the following was the result: the territory of Julinder Dooab, between the Beas and the Sutlej rivers, I think having a revenue of about 30,000 *l.*, was ceded to the British Government, and a Council of Regency was appointed at Lahore as guardian of the young minor, Maharajah Dhuleep Sing, who is now in England. An officer was appointed to preside over the Council of Regency; that was Sir Henry Lawrence, and he had a staff of assistants also for the purpose of helping the Council of Regency in carrying out the civil administration for the young Maharajah. During that period for which the Council of Regency lasted, 1846-47, and 1847-48, the Resident in communication with the Council of Regency determined to change the system of collecting the revenues in the Punjaub. Formerly there were produce assessments; each field contributed so much produce to the purposes of the State. This was found extremely inconvenient; it led to all kinds of evil. To carry out that system was extremely difficult; it required hundreds and thousands of officials to go over the country, and the Government even then did not get perhaps their correct share of the produce. So during this period of two years Sir Henry Lawrence, with the consent of the Durbar, converted these produce payments into money payments, the same as we had in our own provinces. It was a very difficult thing to do, and the converting of it led to a very considerable decrease of revenue; but at the same time it was considered a much wholesomer, and a much better state of things. He had completed that task by the end of 1847-48, when the rebellion broke out in the Punjaub.

762. Can you explain what the principle of the conversion was; how was the value of the grain payment ascertained?—I think they estimated the probable out-turn of each field; and I believe the Government were then supposed to take about a third of the produce.

763. They did not proceed then upon the actual accounts in any given number of previous years to ascertain how much had been contributed?—No doubt they kept that in view; there is no question that those former assessments were duly considered.

764. Who were the officers employed to do this; were they ordinary native officers who had been formerly engaged in collecting the land revenue, or were they special officers?—There were British officers, a staff of whom Sir Henry Lawrence had with him; I may mention their names, because they afterwards became very great and distinguished officers, and showed the great wisdom of Sir Henry Lawrence's selection. One was Lieutenant Herbert Edwardes, afterwards Sir Herbert Edwardes; one was Lieutenant Nicholson, afterwards General John Nicholson; one was Lieutenant Macgregor, now Sir George Macgregor; another was Lieutenant Taylor, now General Taylor, Mr. Bowring, and

Sir *R. Montgomery* K.C.B., G.C.S.

31 March 1871.

Sir *R. Montgomery*, K.C.B., G.C.S.I.

31 March 1871.

and Mr. Cocks. These officers were detached with some of the native officials, and it was their duty to make the best arrangement they could, and the result was, I think, without being able to say exactly the amount, that there was a considerable reduction in the sum which the native government previously received.

765. Can you give the total amount that was then ascertained to be the revenue?

766. You were going on to state what happened after the rebellion?—The rebellion took place in 1848. Two of our officers, Anderson and Agnew, were murdered at Moultan. The whole of the Sikh nation rose in rebellion, and Lord Gough advanced; the battles of Chillianwallah and Guzerat were fought, and it ended in the Punjaub being made over to the British Government.

767. What was then done with reference to the land revenue?—When the province was made over to us, Lord Dalhousie, the Governor General of India, formed a Board of Administration, and selected a number of officers from the North-West, and divided the whole province into divisions and districts, and I think there were six divisions and 32 districts, thus giving from about four to five districts to each division. Then for the first year we determined to continue the engagements which Sir Henry Lawrence had taken previous to the outbreak, till such period as a regular revenue assessment could be formed. It was found practically that the conversion into money-rate made by Sir Henry Lawrence and the Council of Regency was quite excessive, not from any desire on their part to make it excessive, but because there was great difficulty in the matter, and other circumstances also came in which rendered it necessary for the British Government to reduce the assessment considerably. The circumstances were these: Owing to the breaking up of the Sikh army, and the enormous hosts of armed retainers, they were all sent back to their villages, and being chiefly cultivators, they broke up a great breadth of cultivation, and the seasons were particularly propitious in 1848–49, 1849–50, and 1850–51; the consequence was, that there was an enormous quantity of grain; prices fell, and the revenue which had been fixed by the Council of Regency could not be collected, and we were obliged each year to reduce the assessment. In the meantime preparations were going on for the regular revenue settlement, conducted according to the plan pursued in the North Western Provinces, and which was the result of a great many years experience. I may say that the regular settlement commenced in 1850. It took about eight or nine years to complete the assessment of the whole Punjaub; but of course some districts were completed before others; some of them were completed in 1852 and 1853, and some of them in 1854–55. Inasmuch as our instruments were limited, it was impossible to do it all at once. And now I may state, generally, what was the nature of the arrangements for this settlement; they were statistical, they were fiscal, and they were judicial. First of all the boundary of every village was defined; boundaries are very often not defined in India, and great quarrels arise in consequence. Then they were surveyed by a scientific survey; the interior area of the village was surveyed, and the land classified; the cultivated and culturable; the barren, the waste, the sites of villages, the sites of wells; everything that a survey could delineate on the map was put down by a scientific survey. This was followed by what is called an interior survey, conducted by natives. By that survey every field was measured, its length and breadth, and its area, the name of the cultivator, the name of the owner, the quality of the soil, the crop, and the caste of the cultivators were recorded. So you had a complete map also of the whole interior arrangements of the village. Whether the fields were irrigated or unirrigated was also noticed. The class of cultivator was also noticed, the population of the village, the number of ploughs, the number of cattle, wells, tanks for irrigation; everything was laid down in detail; so that you had for each village a scientific map, and also the details filled in by the non-professional survey; and there was always a check that the non-professional one was correctly done with regard to totals, because you had the total amount of the land surveyed professionally, and the other must correspond with it.

768. What was the system of assessment that was carried out in the Punjaub upon this basis?—Generally speaking, a tract of country was prepared first of all for the settlement officer. He had probably 300 villages or more in what is called the division or pergunnah. He went to the locality and spent a month or two months, according to circumstances, in that place; he visited every village; he made himself pretty well acquainted with the general agricultural condition of the villages and the tracts of country; he referred to past assessments; he looked to the condition and the character of the cultivators (for a good deal depends upon that, some cultivators being very much better than others); he looked also to the facility of irrigation, or whether irrigation could be extended; he looked also to the quantity of waste land in each village which would leave scope for future improvements, to the vicinity of markets, to whether the roads were convenient or not for exporting produce; and taking all these into consideration, seeing the people, living amongst them and talking to them, he could always come to a very fair estimate of what the assessment should be; practically it was found that there was no difficulty.

769. In arriving at this estimate of what was fair, was it considered that there were to be both profits to the cultivator, and any proprietary rights beyond the profits of cultivation, or was it considered that there were to be only the profits of cultivation?—No, the profits were considered without reference to the proprietor or cultivator.

770. What was the probable per-centage representing the proprietary rights; supposing a man holding land and paying revenue, chose to let his land to a cultivator, what would he get as a per-centage, do you suppose?—The Government in the first instance took two-thirds of the net profits after all expenses were deducted; but in a late settlement, which I will come to hereafter (the one I am now telling you about was for 12 years), they even went further and took only half; so that at this first settlement, two-thirds of the net profits of the estimated rental was considered to be what the Government ought to take.

771. Was the value taken as the estimated *rental in the sense of what it would let for to a* person occupying it as a tenant, or what it *might* be used, for having regard to the natural qualities

of the soil?—No, as occupied by the tenant, as we found it actually existing.

772. Will you still further explain, when you speak of the irrigation that was taken into account, whether you mean what may be called the natural irrigation, the proximity of natural water to the soil, or the surface of the soil; or do you take into account large artificial works for irrigation?—Chiefly, I think, the natural irrigation. For instance, some wells are 10 feet deep, and sometimes they are from 100 to 150 feet deep.

773. And the natural flow of the river, if any were available?—If there were any there. This was one portion only of the inquiries made by the settlement officer; he had to adjust all titles to property in the village; all questions of right were determined; it was also determined how the payments were to be made by the different shareholders; all the rights as to how land was to be broken up, which was very often a very difficult thing in a village; in what proportion the different shareholders were to break it up; and every thing that could be thought of for the future management of the village was decided by the Government officer, each shareholder having a paper given him of the amount of his share, and what Government revenue he had to pay.

774. In the event of the land being unoccupied, or untilled, from want of population in the village, was an assessment put upon that land to be paid whenever it was taken into cultivation?—Certainly not.

775. What was done if the land was capable of cultivation, but from accidental circumstances at the time of the survey was not in actual cultivation?—Nothing was put upon it; but it is just possible, and even probable, that the settlement officer when making his assessment if he found 100 acres in a village cultivated, and 100 out of cultivation, in drawing his line would put rather a higher sum on the cultivated; but it was a good deal left to his discretion, and there was no principle fixed that he should do so.

776. If anyone cultivated it afterwards, the profits would go entirely to the proprietor?—Yes, for the 12 years.

777. Was the settlement made with the person who was ascertained, as far as the survey officers could discover, to be the reputed proprietor or owner of the property?—There was no difficulty about it. There they were. Generally speaking they were co-parcenery communities, and there they existed, and had been for ages and generations.

778. Do you mean that the whole villages were treated as co-parceneries?—I estimate roughly that three-fourths of the villages in the Punjaub are held by co-parcenery communities; probably a fourth by single proprietors, but otherwise the whole country is held by co-parcenery communities, and they sometimes in numbers would range from 50 to 500; and, therefore, you can understand how extremely intricate the whole question of property became, and what a very great work the settlement revenue officer did when he arranged all those disputes, and fixed and recorded the right of each person.

779. Was the produce of the village jointly and severally, if I may use the phrase, liable to make good the revenue for the year?—The general plan was this: amongst co-parcenery communities each shareholder cultivated a certain portion himself, and the lands cultivated by tenants were thrown into a common stock. If it was sufficient to pay the revenue it went to the Government. If it was not sufficient to pay the revenue the shareholders paid the deficiency by distributing it upon their own shares, or upon their own cultivations.

780. You are distinguishing between the co-parceners who were the reputed owners, and the tenants who occupied under them as mere ordinary agricultural tenants?—Yes.

781. Were there many such agricultural tenants occupying under co-parceners in the country?—Yes, a great many.

782. Then, as between the co-parceners and such agricultural tenants, it was merely holding under contract, the terms of which were settled between themselves, and of which the Government took no cognisance?—The terms were either settled by themselves, or judicially, and, in all cases, recorded.

783. They did not go beyond the co-parceners?—No.

784. Then supposing the revenue was not paid, how would the Government obtain the revenue from the co-parceners; would they assess it upon them *pro ratâ* in any way, or would they make them all jointly and severally liable for the whole amount?—As I described before, the revenue was distributed upon each share. If a shareholder became a defaulter the Government would have had the power of selling his share. But that sale was never resorted to; the other shareholders, supposing the man to be in difficulty, would come forward, pay the amount, and take the share for a certain time into their possession till they were repaid.

785. Had each shareholder the liberty of selling or mortgaging his own share, with or without the consent of the co-sharers?—Yes, but the other shareholders had the right of pre-emption, the right of purchasing it; he could not sell it to an outsider so long as the other shareholders chose to take it; this kept the communities together; they did not like a stranger coming in.

786. Will you go on to the next stage in dealing with the land revenue in the Punjaub?—Having described how the settlement was made, and the judicial character of that settlement, I was going to state the tenures which I have already touched upon; then I may mention perhaps as connected with the revenue, and bearing on it, the different classes of cultivators; they varied very much. The best cultivators of all were the Jats, they form the largest body of cultivators in the Punjaub, and many of them were Sikhs, and they are the best cultivators. Then there is another excellent class of cultivators, Goojers, and then the Pathan cultivators, then the Dogras, they are a mixture of the Hill Rajpoots and the Rajpoots of the Plains; they are peculiar to one of the rivers of the Punjaub, the Sutlej, they are excellent cultivators, and there are the Raèèns, another class. I may mention that there are on record 378,997 hereditary cultivators, whose rent cannot be changed during the period of settlement, and there are upwards of a million cultivators at will.

787. They are mere occupying tenants?—Yes. Now, having stated the revenue system, perhaps it would be of some assistance to your Committee if I gave briefly a general sketch of the country, and described the variety of the surface of the Punjaub, for it is very peculiar. The name of the Punjaub means five rivers or five

Sir *R. Montgomery*, K.C.B., G.C.S.I.

31 March 1871.

waters; these rivers run from the Himalaya mountains; they unite below Mooltan, and then form the Indus. The Himalaya range of mountains extends along the whole northern portions of the Punjaub; from the base of these mountains, for about 50 or 80 miles, there is a most luxurious breadth of cultivation watered by the streams from the hills; nothing can exceed the richness of the cultivation there. Then along the banks of the rivers from five to 18 miles, the banks being inundated during the periodical rains, there is the very richest cultivation without any irrigation being required, very much like the Nile.

788. Is that cultivation of a single crop or two crops a year?—In most places two crops; there are no trees, but the whole of the country is one mass of cultivation, the houses and the villages being perched on high mounds scattered about, but they are extremely thriving and very prosperous. The Doab, that is, the land formed by two rivers, and which is called the Doab, is arid and barren; a very high land covered with grass and shrubs, and brushwood; hardly any cultivation exists there. But these great wastes are inhabited by nomad tribes, who have numerous flocks of cattle, buffaloes, sheep, goats, and camels, which are bred in those jungles, and with which the Cabool trade is chiefly carried on.

789. When you speak of nomad tribes, do you use that phrase in the same sense as it is used in other parts of India, to represent what may be called the aboriginal race before the Rajpoot invasion?—Very little was known about them during Maharajah Runjeet Singh's time, except that they were extremely troublesome sometimes, and caused him great difficulty.

790. Will you explain about what distance from cultivated soil, on the banks of the river, does the rise of the uncultivatable soil begin, generally?—It varies from 5 to 15 miles; different rivers have got different peculiarities, but in some places they have a fringe of as much as 15 miles, and in other cases, perhaps, not more than three or four. Then, above that, you have got these high lands which are uncultivated for want of water.

791. But they have grass?—They have very rich grass, and if they only had water, they would become very valuable land.

792. Is the subsoil, then, rock?—No, it is very good soil, it only wants water; but the water is such a great distance, and sometimes brackish, that the cultivation is very sparse. Here and there the tribes have a few huts, and they manage to save a little water by embanking, and sometimes making a well with great difficulty, but they do not remain there long.

793. And in the main they subsist on natural pasturage?—Yes; there is a peculiarity also in what is called the Chuch Doab; across the Chuch Doab, which is bound by the Jelum and the Indus, runs a chain of hills, east and west, called the Salt Range. This is a most remarkable range, and extremely valuable to us. After reaching the Indus it rises up again beyond the Indus, and goes on still continuing a valuable deposit of salt. In this range we have got most valuable mines; the rock salt as dug out is pure and white as sugar, and the whole of the Punjaub and Cashmere, to the north, and also Affghanistan is chiefly supplied with salt from these mines. We have done a great deal to improve the manner of excavating the salt, which was very rudely done under the former government, and we have made large galleries, and engineering talent has been brought into play, and it is now got out without any great difficulty.

794. We will finish the land revenue, and then go back upon this question of the salt; you have not explained to us how any land revenue is collected from the uplands, or whether any revenue is collected from the uplands which you have described?—If you mean those wastes, a grazing tax is taken. With regard to those tribes who used to pay very small sums in former days, because they were too powerful and too far away, and too troublesome to pay much, but always paid a certain sum, now, that the whole has been surveyed and systematised, and we know all about them, we make them pay a certain annual sum for grazing, which, of course, is very valuable to Government.

795. Can you give any idea of the proportionate extent of the cultivatable lands that you first described as compared with the hill lands which you have lastly described in the Punjaub?—I should say that the whole area of the Punjaub, including the territory of the dependent chiefs, amounts to 200,000 square miles; of those 200,000 square miles, about 100,000 belong to the British Government; the exact figure is 95,768. Of those 95,000 odd square miles, 31,513, or about a third, is cultivated, and 25,000 culturable, so that there is a very large margin for future cultivation, almost as much as there is now cultivated. In fact, if canals could be brought into the centre of those Doabs which I have described, particularly two of them, the whole would be a mass of cultivation; and, therefore, there is a hope of the future revenue being increased there.

796. But, subject to great works of irrigation, the rest may be classed as natural pasturage incapable of cultivation under present circumstances?—Quite so.

797. Then, may we assume that substantially the revenue was paid out of the land which is actually under cultivation?—Out of that which is actually under cultivation.

798. Which is one-third?—One-third at the time I was telling you of.

799. What was the next stage in the settlement of the land revenue in the Punjaub?—At the end of 12 years from the time each district was finished a new settlement came on; so supposing that the first settlements were completed in 1852, about 1864 they again fell in; and I may say that between 1864 and 1870 the whole of the country has come under a second settlement, and is now nearly completed. The first regular settlement was for 12 years, and this one is now for 30 years; and the difference is, that instead of taking two-thirds of the assumed net profits, we now take one-half, so that the assessments really are considerably reduced.

800. When you speak of net profits, without going into minute details, would that be understood to mean that there was an allowance for all expenses of tillage, and also an allowance for what would be considered in this country the profits of the farmer; or would it be the net returns, without anything being taken into account in the profits of the farmer?—There are certain village expenses: for instance, the village accountant gets a certain salary, the village watchman gets a certain salary; and there are other menial servants in every village who (it has been the custom from century to century) get certain allowances.

allowances. The rents of the lands which they hold are deducted, and then of the balance half is taken.

801. But, supposing that the village were let out to an annual occupant to cultivate, would the rent that he pays to the village shareholders be taken as the net return?—Yes.

802. Then it may be said that half of the net return represents the proprietary interest of the shares in the village?—Yes.

803. The other half is the revenue which they pay?—Yes. And, in this new settlement, in addition to the half net return, the proprietors have been called upon to pay 1 per cent. for roads and 1 per cent. for education; that is an arrangement of the settlement.

804. They had notice, at the time of the settlement, that they would have to pay special taxes for those purposes?—That is in addition to the half net returns that I spoke of.

805. But does it form any part of the settlement that they should be, or should not be, subject either to any general increase of assessment to meet the emergencies of the State, or that they should be subject to special assessments to meet particular necessities of the district, apart from that which you have specially mentioned?—I do not think there was any understanding of that kind. The understanding is that they are not to pay more than the assessment fixed, and the assessment now formed is plus 1 per cent. for roads and 1 per cent. for education. If more than that was taken, I think they would consider it a grievance.

806. Then the effect of adding the 1 per cent. is rather to give them a guarantee that it is to be locally spent for their benefit?—Yes; and that money is usually locally spent, or ought to be; if it is not done so, I think it is not just or fair.

807. You think that they have acquired a right by special arrangement to that application of the money?—Yes; they make no difficulty about the road assessment, because by the tenure of the villages in olden times they were obliged to construct the whole roads, which was an oppressive burden.

808. Are they relieved of that duty of compulsory road labour now?—It does not exist anywhere I think in the Punjaub now; even before this late revised settlement, and where that arrangement had not existed of the 1 per cent. for roads, they themselves readily agreed to give the 1 per cent., they being freed from compulsory labour.

809. But no proclamation has been issued generally reserving the right of the Government to impose additional revenue to meet the emergencies of the State?—No.

810. Then you consider that the Government is bound in good faith during the 30 years not to increase the land revenue?—Certainly.

811. Does the 30 years' settlement equally apply to the hill districts?—Everywhere.

812. And with regard to the uncultivated, but cultivatable lands, how have they been dealt with in the 30 years' settlement?—They have the land to do exactly what they like with. Supposing that a village consists of 1,000 acres, of which 500 is cultivated, and 300 culturable, they may break that land up, and enjoy the profits for 30 years, and the Government take nothing additional.

813. Then all the benefit of the uncultivated land goes to the reputed owners for 30 years?—Yes. I may state one thing further, with reference to those large wastes which I spoke of in the centre Doab, and which are of immense extent, that the Government, after setting apart large tracts for these nomad tribes to graze their cattle in, have separated large tracts of land, many thousands of acres which they have as it were reserved to themselves, and there is no cultivation at present in them, and no inhabitants, so that they have the right if they choose, either to sell these wastes, or when they bring water and cultivate them, to make what arrangements they can best make for the future.

814. Will you explain how you reconcile it with a system of just taxation, that if there be by the accident of the moment half a cultivable village out of cultivation, for 30 years the owners of the village should be at liberty to bring that land into cultivation without paying the same taxes as their neighbours?—Well, it is very liberal on the part of Government to allow it, but it was the system always followed in the North Western Provinces, and it was the same system which was introduced into the Punjaub, and we found in the end that it was in every respect good policy; cultivation very rapidly spread, and we reap the benefit of it subsequently.

815. But during the 30 years there would seem to be this anomaly, that if by an accidental circumstance a village was fully cultivated, and therefore was paying its full revenue, another village, merely from the accident of its not being fully cultivated, would for 30 years be paying only half the revenue, though under similar circumstances?—Yes. I may mention one thing further with reference to that, that where a village was found with very small cultivation, and an enormous tract of uncultivated land, the Government, in those cases, separated off a sufficient portion, or what it considered sufficient, for the village, of the culturable land; and, as to the rest, made a separate fence round it, with a view of either making a separate arrangement for it or not, as they chose. Those are very rare cases, but that has been done in some cases.

816. They reserved, in those extreme cases, the right to bring the land under assessment whenever it might be cultivated?—Yes.

817. But they did not systematically put a land revenue upon the culturable land, to be paid when brought into cultivation?—No. Then, with this revenue system which I have been describing, the Government set themselves to do all they could to improve and extend cultivation. They made large advances to proprietors with a view of sinking wells, because wherever you can have water in that country you have good cultivation. Large advances, therefore, were made to the people to sink wells. Moreover, persons who sank wells on their own resources had a guarantee if it was waste land that for 20 years no revenue would be taken from them by the Government.

818. That would be in cases where the cultivation was the result of artificial efforts, the introduction of capital and labour?—Yes.

819. In regard to the land that we have been speaking of as culturable land, do I rightly understand that it could be brought into cultivation without any special use of capital, and that it stood really on the same footing as the ordinary cultivated land?—It would require the outlay of capital to sink wells.

820. I am speaking of the land which you have described

Sir R. *Montgomery*, K.C.B., G.C.S.I.

31 March 1871.

described as culturable land, though not cultivated at the time of the settlement; is that land such that it could be brought into cultivation without any special outlay of capital or works of irrigation?—It was seldom that what had been cultivated fell out of cultivation; it rarely occurred unless there had been some great oppression; as a rule, there was a very small margin of land that had fallen out of cultivation.

821. Are we to take it that the uncultivated land at the time of the settlement, represented by the 25,000 square miles, was culturable land of such a character, and so circumstanced, that it would have required special works involving capital to bring it into cultivation?—Yes, quite so.

822. Would that be the justification of allowing the person to cultivate it for any period short of 30 years under the settlement without its being taxed?—Of course, if the culturable land was contained in a village, the cultivator would have no power to break up the land without the proprietor allowing him; it would be an arrangement with the proprietor. The right of sinking a well is one of the points that prove a man to be a proprietor; no cultivator could do that without the consent of the proprietor, and then, of course, he would make his own arrangement. That is in the village; but the cases where we give persons who sink wells the right of having their land for 20 years free of rent would be in places like the Central Doab, that I spoke of, where we ourselves have marked out land; and I say that we would there give them a tract of land, if they chose to sink a well, guaranteeing them (because that was Government property) against any revenue being taken from them for 20 years.

823. What I am endeavouring to ask you to distinguish is, between land which you have described as 25,000 square miles of culturable land which was not under cultivation at the time of the settlement, but which was capable of cultivation, and the uplands, which you described as the Doab lands; and I wanted to ask you, especially with regard to the 25,000 square miles, whether that land was of such a character that the proprietor or shareholder could bring it under cultivation without embarking in it any special works of irrigation or otherwise requiring capital; whether, in short, it was land that in all other respects resembled the 35,000 square miles which were subject to assessment at the time of the settlement, and whether the one required no more capital than the other?—That is perhaps difficult to say. In some parts of the country the unculturable land is far more valuable than in others. For instance, in the Doab formed by the rivers Jelum and Chenab the waste land is far more valuable than in some of the other Doabs.

824. Do you think that any considerable part of that 25,000 square miles which you have described as culturable land could be cultivated as easily as the 35,000 square miles?—No, I think not. In the first place there is not population, and in the next place the villages and towns are distant; generally speaking they are outlying wastes far away.

825. But to put the point more closely, supposing that in the village there were 500 acres of land under cultivation at the time of the settlement, and that there were 500 acres which you have described as culturable land not under cultivation at the time of the settlement; may we take it as a general rule that those two 500 acres are identical in their circumstances as regards the facility of cultivating them?—Certainly not. The portion in the neighbourhood of the village is far more valuable than that of the extreme points.

826. But are the 500 acres not under cultivation capable of being cultivated without any extraordinary expenditure, as a rule?—The fact is, that although land may be culturable, very often it is of very inferior quality, and generally speaking in a village where there is anything like a large population they cultivate all the very best land, and leave the rather inferior kinds to be brought into cultivation as they can manage it (some is necessarily left for grazing purposes), and as the population increases, and as the necessities of the village increase. I might say also, as bearing upon the revenue of the Punjaub, and bearing upon the general advance of cultivation, that one of the earliest measures of the Government there, was to make a grand canal, called the Baree Doab Canal. It was 20 years in making before it began to pay. It is now 456 miles in length with three branches, and they are now endeavouring to throw a great deal more water into the canal, with a view of extending it, perhaps, a couple of hundred miles more.

827. When were any regulations made in the Punjaub, having the force of law to regulate the land revenue?—At the first introduction of our rule we were guided by the spirit of the regulations of the North Western Provinces, which were put into circulars, and circulated by the Board of Administration, which had the force of law for all engagements, and everything connected with the revenue administration; so that from the very first we had rules, and those rules have been little changed to the present time, except that they have now by the regulations of Government been legalised.

828. Now they have the force of law?—Yes.

829. And do they recognise the proprietary rights of the shareholders?—Entirely.

830. As the persons liable to the revenue, and entitled to maintain their rights against the Government?—Yes.

831. Can you give us an account of the growth of the land revenue in figures from the first period?—I can give it to a certain extent. After the mutiny in 1857, the limits of the Punjaub were altered. The Delhi and the Hissar divisions were transferred to the Punjaub from the North West. That was in 1858-59.

832. They formerly were a part of the North Western Provinces?—Yes. I have got a statement of the receipts of 1859–60, and a statement of the receipts of 1869–70; but these receipts include the whole of the income that is connected with the grazing tax, excise, customs, and so on. The land revenue separately in 1859–60 was 1,861,319 *l.*

833. That was the gross receipts?—Yes; and now in 1869–70 they are 1,995,199 *l.*; so that there was an increase in the 10 years of 133,880 *l.*, and that after, I may say, the second settlement has been nearly completed.

834. That is due to the re-settlement?—Yes. It would be natural to suppose that there would have been a larger increase, but the fact is, that it was found in the progress of inquiry that even our first settlement was heavy, and we reduced it in a great many cases, and, as I explained before, we took only half, instead of two-thirds;

so that, to some extent, would really account for the very small increase in 10 years in that large province.

835. Having reduced it from two-thirds to a half, and still having increased the gross result somewhat, it would seem that there had been a large increase in the general value of the agricultural produce in the Punjaub?—Certainly.

836. Then it would seem that having nearly completed the 30-years' settlement, there is no expectation of any great increase of the land revenue, and as you have included in that settlement the culturable lands in the villages, the only source of increase would be the bringing what may be called the up-lands into cultivation, which have been reserved to the Government?—With reference to that I would say that there is this prospective increase. We found large Jageers, rent-free tenures in the Punjaub; service grants, and personal grants. The service grants have all been done away with, a certain allowance in consideration of the persons who held them, being given to the holders; they are gradually dying off, and therefore the revenue of those lands would come back to us.

837. I see in the last account that the amount of allowances and assignments under treaties and engagements is stated at 95,334 *l.*; is that the item which you refer to?—A good portion of that will eventually fall to the Government as they die out. Also, I may say, that there is every probability that within 30 years those large wastes in the central Doab will either be brought into cultivation by speculators who may take them, or by Government bringing water from the rivers and cultivating them. That would give an increase, but not from the estates that are actually settled.

838. Then with regard to the charges of collection, I see that they are now stated at 205,946 *l.* for the last year that you have mentioned; has that been an increasing charge or stationary, or has it diminished?—That is about 10 per cent. That is not a correct statement of the charges of collecting the revenue, because the native collectors of revenue are also judicial officers; they perform the great mass of the judicial work; they are also the head of the police department, and superintend the police; and, therefore, although it is put down in that way at 10 per cent., it is not so much. If their fiscal duties only could be separated from their judicial, you would arrive at the approximate amount, but inasmuch as they preside over all departments, their pay is put down, and therefore the cost of collection shows larger than it really is.

839. Do you anticipate any increase of that charge as regards the collection of the revenue?—None. The revenue is paid with the greatest facility; there is hardly an instance of distress; no sales for arrears of revenue, and the money is almost paid in to the day, showing, I think, that the revenue is an easy assessment.

840. Have there been occasions where in consequence of any general drought, you have had to make remissions of revenue?—Yes, certainly; during the time that I was in the country, we were obliged to remit revenue in a certain portion of the Punjaub, near Delhi, I think as much as 20,000 *l.* or 30,000 *l.*, and besides that, when famine takes place, you are obliged to advance large sums of money for the purchase of cattle and seed, and so on, which is generally repaid in seven or eight years. But with the exception of famines, there is no necessity now for remission.

841. But having left half the net profits to the proprietor, do you consider that the Government is under any obligation to make remissions for famine?—Not the least; but on the other hand complete ruin comes after the famine, and it is utterly impossible that they can make it up afterwards; everything goes.

842. Are the proprietors in the Punjaub generally free from debt, or are their rights mortgaged to the bankers?—I should say that they are more free from debt than they are in other parts of India; still they have considerable dealings with bankers, and the cultivators generally deal very largely with regard to advances for seed, and so on, from the bankers.

843. In the case of famine, do the shareholders support their tenants when they have tenants under them, or do they throw them on the Government?—I think they would support them as far as they could; they are very charitable and very liberal, but they are not a wealthy body; these co-parcenery communities consist of very small shareholders having perhaps from five to 50 acres; they themselves are not wealthy, and they suffer like the rest when a famine comes.

844. Then the permanent settlement has not produced the beneficial effect yet of making these proprietors independent and provident so as to meet the contingencies of the future?—There is no permanent settlement in the Punjaub, and the long-term of settlement has not had the effect of making the proprietors independent.

845. Mr. *Cave.*] Do the Government recover the advances that are made during a famine?—As a rule, always; the Government suffer loss by remitting during famine the revenue, but the advances which they make for the purchase of bullocks and seeds, and so on, are recovered after a certain number of years.

846. You stated that the Government make advances for wells, for cultivation; what interest do they charge upon those advances?—No interest.

847. And in how many years do they recover the principal?—It varies; at first they generally required repayment in three or four years, but of late years they have extended it, and generally six or seven years is the period.

848. But they get no return themselves for 20 years?—Seven years is the utmost limit for which Government make advances; the 20 years limit is where persons expend money from their own resources.

849. You stated that they give guarantees that no revenue will be demanded for 20 years, with regard to the Government and with regard to the landowner. Did you mean to say the landowner?—Perhaps it would be better to say this, that, where a guarantee is given, it is generally in land belonging to Government and not to proprietors. In fact, Government would not go into a proprietor's estate and tell a man to sink a well on that proprietor's property. Practically, nothing is taken from them, because the guarantee is given for ground belonging to Government.

850. Is it a fact that a remission of all revenue from cultivatable land, not actually in cultivation, causes the cultivation to be delayed on the eve of a settlement?—It has been asserted that that is the case, and to some extent I think it is the case; but I do not think that, practically, it goes

Sir *R. Montgomery*, K.C.B., G.C.S.I.

31 March 1871.

to any very great extent. I might further explain that; it takes a long time to settle a tract of country; for instance, to settle the Punjaub, it would take 10 years, and a man can hardly calculate when the settlement officer would go to a particular part; they have hardly the means of doing that, even if they wished.

851. What is the advantage of not bringing into the revenue the land which becomes cultivated during the settlement?—The great desire of the Government is to be liberal towards the shareholders, and to, in fact, make them more prosperous.

852. But is not that land brought into cultivation on account of Government works coming into the country?—I think that Government works coming into the country circulates a great deal more money and enables them to break up much more land.

853. And I suppose the price of produce is increased in the neighbourhood of a railway, for instance?—Very much.

854. Then would it be oppressive to the cultivators that the Government should retain a certain portion of that increased value?—I think that they could not do so during the period of settlement. Supposing it is for 30 years, whatever value arises to the shareholders and the proprietors, they enjoy for 30 years; the Government could take nothing; but at the end of the 30 years, on a revision of the settlement, they would very likely get a considerable increase.

855. That I quite understand with regard to land under settlement and in cultivation then, but ought that rule to apply also to land brought into cultivation afterwards on account of what has been done at great expense by the Government?—It is difficult to say that the Government brought it into cultivation; the people became more prosperous, and perhaps the population increased; they wanted more room, and they broke up more land. The Government spending money was not the direct, it was more the indirect, reason for breaking up land.

856. In case a railway went through a tract of country which was before badly supplied with means of communication, would not that be a direct reason for breaking up fresh land?—I think it would; that would be a very good thing for the proprietors, but the Government would take no increase till the expiration of the settlement.

857. And you think that they ought not?—I do think so; I think they could not.

858. Of course my question points to the difficulty of making both ends meet with regard to these expensive Government works?—Well, the Government will eventually benefit very largely, but they are ready to make this liberal arrangement with a view of future benefit.

859. You stated that 1 per cent., in addition to the revenue, was paid for education, and 1 per cent. for roads?—Yes.

860. Does that cover the expenditure upon those two items?—I am sorry to say it does not now, and there is a very general idea that if possible we should increase the per-centage for roads, but whether that can be done or not, is a question.

861. Is that 1 per cent. as much a fixed part of the settlement as the regular land revenue?—Yes, by the present arrangement.

862. Then it would be as impossible to change the one as the other during the settlement?—Quite so; let me qualify that answer. I should say that certainly it would; but there has been a very general impression that it would be desirable if possible to get something more for roads. Still it is a very difficult question, and has really not been decided yet, but is under consideration whether you could increase for general purposes the assessment for roads.

863. Would the people be so alive to the advantage of the roads as to come voluntarily into such a change?—I should say not; as a general rule, the natives dislike roads extremely, because they consider them a source of great oppression. In the first place, probably you run a road through their land and cut up their fields; and in the second place, from the peculiar customs and habits of India, travellers press labourers and carriage; and if troops pass along, requisitions are made upon the villages for carriage and for porters, and cause a great deal of annoyance; and, although there is every desire on the part of the Government to pay them, very often the money which is given does not reach the people; and therefore, as a general rule, I do not think that they appreciate the value of roads as we would in this country.

864. Setting these inconveniences against the increase of the price of produce, you think that they would rather be without the roads?—I think so.

865. As to these co-parcenery villages, are the shares in them of various values?—Yes, running from a very small fraction upwards.

866. Are those portions cultivated by tenants' portions reserved for the whole village, or do they belong to certain individual proprietors?—That depends upon the tenure; in some places, the whole proprietary body cultivate, and there are no tenants at all, and the payment of the Government revenue is made by distributing the revenue upon the cultivation of the shareholders; in others, the cultivators belong to each shareholder, and in other cases the cultivators are general, and the money goes to the common fund. But there is an infinite variety of tenures which it was the business of the settlement officers to record.

867. Are those tenants of the same class and race as the proprietors?—Not necessarily so, and not generally so.

868. Are they a former conquered race?—No, I do not think so; in some cases it may be so, but generally speaking I think the cultivators are a different class from the proprietors, but they are sometimes a mixture of both.

869. Sir *C. Wingfield.*] I see that the land revenue in the Punjaub was a little under a million in 1851-52, that is before the transfer of the Delhi territory?—Yes.

870. You do not exactly know what accession of revenue the transfer of the Delhi territory brought, but it was very considerable; about 357,000 *l.*

871. The Punjaub proper, then, the country that we took from the Sikhs, proportionately to its size pays a very small land revenue?—Very small; I think it was about 920,000 *l.*

872. You found very few great proprietors in the Punjaub like the great proprietors of Bengal and Oude?—Very few, perhaps there are not above a dozen.

873. And these Jageerdurs were men who were not proprietors, so much so that they had assignments of the revenue?—Yes, they had assignments of the revenue; very often considerabl

siderable tracts of country; they collected from the different villages, and paid a certain sum to the Government.

874. But they were not proprietors, they were assignees of the revenue?—Yes; they differed essentially from the talookdars of Oude.

875. Then you would speak of the Punjaub as essentially a country of peasant proprietors?—Yes, very much the same as the North Western Provinces.

876. In fact, you found the village communities constituted pretty much the same as the village communities of the North Western Provinces?—Very much. In some cases we found that the cultivators were almost proprietors, at least that they had the same rights as proprietors; the fact being this, that where cultivators were very scarce the old proprietors were only too glad to get them at any price, and they remained as cultivators, paying their share of the Government revenue, and very often paying hardly anything besides; they were almost, in some cases, the same as proprietors.

877. The Native government paid but little respect to the independence of the village communities?—Very little, still the communities existed.

878. I mean by that that they interfered a good deal in the management of the village lands, that is to say, that if the land was uncultivated, and the proprietor would not undertake the cultivation, they gave it to the tenants?—The native officials perhaps would sometimes do so. I do not know that it was a very common thing, no doubt it was sometimes done.

879. But the demand of the State under the Native government was so heavy generally, was it not, that the proprietors were not anxious to occupy more land than they could conveniently manage?—That was the case very often, I should say generally.

880. Did you ever meet in the Punjaub with those great co-parcenary estates, comprising not one village, but 100 villages or 50 villages, a great group of villages all cut up and divided?—Not to so great an extent as that; but I have met with estates of five or 10 villages, where all the lands were intermixed with each other. You allude to the North Western Provinces. I have never seen it in the Punjaub, to the same extent, but to a considerable extent.

881. You recollect those cases to which I refer on the borders of Oude, and which were very complicated?—Perfectly.

882. The Sikh government did not make much distinction between hereditary cultivators and tenants-at-will?—None.

883. That was a distinction rather that we introduced?—Yes, quite so. The term "hereditary cultivator" was not known before.

884. With reference to what the Chairman said just now, that it could hardly be called an equal system of settlement, if a village that contained a great deal of waste land got off for 30 years with a very low settlement, whereas a village in a high state of cultivation would have a proportionately high assessment; did you ever pursue the practice in the Punjaub, when a village was in a backward state, of fixing what was called a progressive assessment, an assessment rising at intervals of two or three years, and reaching its maximum at the 10th or 15th year?—Yes, that has been done occasionally in the Punjaub, but practically it has not been found to answer, and almost invariably when done it was found that they could not cultivate it sufficiently to pay the increased revenue. That was the general result, and therefore I do not think that it has been carried to a great extent in consequence, although it has been occasionally done.

Sir *R. Montgomery*, K.C.B., G.C.S.I. 31 March 1871.

885. I think it was a mode in favour many years ago, but it has been disapproved of latterly?—That is my impression; it has gone out a good deal, because it was found that from the land generally being very often poor and far away from the village, and there not being much water and other circumstances, the people did not find themselves very often equal to cultivate it to advantage.

886. Engagements are taken at the time of settlement for the cesses and the land revenue in one?—In one, but there is a detail below.

887. But there is one engagement taken for the gross amount?—Yes, so much for roads and so much for education.

888. They are additions to the land revenue; still do not you think that, practically, it frequently happens that they do come out of the land revenue in this way, that when the settlement officer has fixed the assessment in his own mind and comes to tack on to that the cesses, and finds that these cesses added to the assessment come to rather a heavier demand than he thinks the village can bear, he cuts it down?—That is quite correct, but still that is in the officer's mind, and nominally it is not so.

889. Mr. *Fawcett.*] You stated just now, in reply to Sir Charles Wingfield, that the Punjaub might be described as a country of peasant proprietors, and then you went on to say, if I understood you rightly, that in a few instances the cultivators had proprietary rights; therefore, would it not be more correct if you said that the Punjaub was a country of peasant cultivators rather than of peasant proprietors?—No, I do not think so; it is in a very few instances that the cultivators have become, as it were, equal with the proprietors, perhaps 1 per cent. or 2 per cent. of the cases; it does exist, and therefore I mentioned it.

890. That is the point which I want to bring out; you say that in a very few instances, namely, in 1 or 2 per cent. the cultivators become equal with the proprietors, that is, that they have proprietary rights, therefore it is the exception, as I understand you, for a cultivator to be a proprietor?—Quite the exception.

891. Then if that is the case, how can it be correctly stated that the Punjaub is a country of peasant proprietors; is it not a country of peasant cultivators?—No, I should say not.

892. As far as I understand you, you say that in 1 per cent. or 2 per cent. of the cases the cultivators are proprietors?—Perhaps it might be more correct to say, that cultivators have approached proprietors, as they do not pay more for the lands which they cultivate than the proprietors themselves, the amount that they pay being really only the Government revenue and nothing more; but these are very exceptional cases.

893. Therefore, those being exceptional cases, in the majority of cases the cultivators may have paid an amount which greatly exceeds the amount of land revenue which Government receives; I understood you to say that in exceptional cases the cultivators paid a fixed amount of rent which was equivalent to the land revenue; therefore, the ordinary case is, that they pay an amount of

Sir *R. Montgomery*, K.C.B., C.S.I.

31 March 1871.

rent, which varies, and which may not be equivalent to the land revenue?—Yes.

894. If that is the case that the amount of rent which the cultivator pays varies, is not that characteristic of the tenant and not of the proprietor?—Yes; it is characteristic of the tenant and not of the proprietor.

895. Therefore, that being so in the majority of cases, is it not correct to say that in the majority of instances in the Punjaub the land is occupied by peasant tenants who pay varying rents, and not by peasant proprietors, who pay a fixed rate?—Perhaps so.

896. I suppose the confusion has arisen in this way; you mean to say that there are not many instances of a cultivator having worked up to the position of a proprietor?—Very few.

897. Then what proportion are the cultivators to the proprietors in the population?—I do not know the number of proprietors in the Punjaub, but I have a memorandum here which shows that there are 398,997 registered hereditary tenants, and that there are 1,232,469 tenants-at-will; so that those together would be about a million and a half of tenants, but I cannot say the number of proprietors that could be ascertained.

898. Therefore, those figures would show that on each property there are about four tenants-at-will, that is the proportion approximately, is it not?—I do not know.

899. I understand it has been stated by you that the majority of those who are concerned in the cultivation of the land in the Punjaub are tenants-at-will and agricultural labourers?—Yes.

900. Do you think that the increase in the aggregate amount of land revenue obtained in the next 10 years will be greater than it has been during the past 10 years?—No, I should not say so; there will be a considerable increase, but chiefly from the revenue of estates falling into Government, and possibly from new works of irrigation being made which will enable the Government to bring some lands which belong to them into cultivation. I think in that way there may be an increase, otherwise I do not see that there will be very much.

901. Speaking generally, you think that the increase in the next 10 years will be about the same as in the past?—Not so much.

902. Have you ever formed any estimate of the increase of prices in the Punjaub during the last 10 years?—I know generally that they have increased enormously; I could not detail how much, but they have increased very much.

903. I have seen an estimate that general prices have increased 30 per cent. in the last 10 years; should you think that that was an exaggerated estimate?—I should think that they have increased quite as much as that.

904. According to the figures which you have stated, the land revenue has increased only about 10 per cent., has it not?—That is all.

905. How much of that do you think has been due to an increase in the prices of produce; a proportion of it, I suppose?—I think that the land revenue, which has increased in the Punjaub, has increased really more from the revenue, other estates having fallen into our hands, than from any general increase in the amount of the old settlement.

906. It is obvious to you that the expenses of the Government must increase with the increase in prices, is it not?—Certainly.

907. Do you think that they must increase in anything like the same proportion as the increase in prices?—I think so.

908. About the same proportion?—I think so.

909. You look upon the land revenue, of course, as being totally different from any other kind of tax, the only tax which is not taken out of the pockets of the people?—Certainly, it is a Government rate.

910. Therefore, as there has been 30 per cent. increase in prices, and there has only been about 10 per cent. increase in the land revenue, there must have been a very great increase in the general taxation of the country, must there not?—I may say that there are a number of other things from which Government derive a considerably increased revenue every year. For instance, I may mention excise; the excise revenue increases, and will increase more, I suppose, with the increase of the population and the wealth of the people. There is an increase also from the stamp revenue; that has increased enormously, so that there would be a large addition from that. The assessed taxes are a new thing, all in addition to the land revenue; customs too have increased; all those different things together will go on increasing, while the land revenue will remain pretty fixed. The customs and the assessed taxes, and the salt, and the stamps, and the excise on spirits, will go on increasing; therefore, I think there will be a considerable increase in the revenues of the country. I may explain what I mean in this way. In 1859-60 the total receipts were 2,957,058 *l.*; in 1869-70 the total receipts were 3,792,211 *l.*, or an increase of 835,000 *l.*, whereas the land revenue only increased 133,000 *l.*

911. Therefore, those figures prove that there has been a much greater increase in the amount obtained from the general taxation of the Punjaub than from the land revenue?—Yes, much greater.

912. Mr. *Birley.*] Can you tell me what extent of land in the Punjaub is in the hands of the Government?—They have no land themselves, with the exception of what I mentioned during the course of my examination. In those large tracts of waste lands in the Central Doab where there was really hardly any one to claim the lands, the Government, in making their maps, just threw them into some estates or other, and marked them off for themselves to give or sell, or do what they chose with hereafter.

913. But I thought I understood that some of these jugeers came into the hands of the Government?—A proprietary body exists in each village, and when a jugeer, which is composed of from two or three villages to 50, falls in to the Government, they at once make a settlement with the proprietors in the village, and make it over.

914. And is it in this way that you calculate there will be some increase in the land revenue?—Yes, from the revenue of these estates falling in.

915. Is the cultivation making as rapid progress as may be expected; that is to say, is the uncultivated land being taken up?—Yes, very rapidly; the fact of the Government having given a good title settled all disputes, settled all boundaries, arranged everything connected with the interior management of the village, has had this result, that they are extending cultivation rapidly.

916. Then,

916. Then, in fact, you think all that has been done there is beneficial to the general prosperity of the country?—Certainly.

917. Can you tell me whether the agricultural produce of the Punjaub is more than sufficient for the population of the Punjaub?—Yes.

918. There is a surplus for exportation?—There is a good deal exported. The moment that prices rise, either down towards Bombay or down in the country, it is exported very rapidly.

919. What are the principal exports?—Grain to a very large extent; there are also other exports from the Punjaub, wool, hides and horns to a very great extent; wool, grain, cotton, and sugar are great exports. The cotton of the Punjaub is really inferior, and never can, I think, equal the cotton of the Bombay Presidency.

920. The natives use it themselves?—Yes; and a good deal of it goes to Affghanistan and Central Asia. When the camels come down loaded with dried fruits and silk, they generally take back sugar and cotton and English goods.

921. So that the Punjaub, in fact, is rather a thriving district?—Thriving extremely, prices rising, and the people extremely prosperous; and a good deal of that is owing to the extremely liberal settlement that has been made, though you might squeeze more out of them, will more than repay the Government in 30 years.

922. You think that that has been a judicious settlement?—Yes.

923. Mr. *Beach.*] Has the question of a permanent settlement been entertained at all with reference to the Punjaub?—It was entertained, but never carried out.

924. In fact, you think the 30 years' settlement was the most judicious one that could have been made?—By far; and I think it would be a great mistake to introduce a permanent settlement. The value of money will fall, and it is quite right that Government hereafter, at the end of 30 years, should get an increase, which they are quite entitled to, because the expenses of Government increase enormously as time goes on. As the value of money falls, Government must look, to a certain extent, to reimburse themselves hereafter from increased revenue. And I may also say this, that the people are perfectly satisfied with 30 years; under the old Government they never had more than one year; 30 years they look upon as a generation, and they are perfectly satisfied with it, and I think it would be a great mistake to make it permanent.

925. Sir *D. Wedderburn.*] You have spoken of the Baree Doab Canal; I should like to have some idea as to how far that canal has increased the amount of cultivated land?—The upper part of the Baree Doab Canal was highly irrigated from wells before the canal went there, but the object of taking the canal was to go down past Amritsur and Lahore into a very barren district of country called the Maujha, which is the country of the Sikhs. There is a certain degree of cultivation there, but an enormous quantity of waste land; that was one of the great political objects with which the canal was started, to turn the Sikhs from war and warlike feelings to agricultural pursuits; to take the canal right through their country so that the whole of it might become cultivated, and that they might return to agriculture and leave off their warlike pursuits; and now that canal has gone into a portion of the Maujha, not as far as we had hoped it would have done by this time, but the work is still going on, and in the course of two or three years I think it will reach a place near the bottom of the Maujha, and be continued to Moultan, so that an enormous breadth of country in the course of a few years more will be irrigated.

926. And how is that irrigation paid for?—By a water-rate, as the irrigation goes down; the Government assessment of course remains fixed on the village, but they pay a certain acreage for the water if they choose to take it; if they do not choose to take it they need not pay for it, but they are so anxious to get it that they would almost do anything to obtain it.

927. But in the other Doabs, more particularly in the Rechna Doab, would not a similar canal be productive of very beneficial effects?—Yes, no doubt.

928. You said that there was some similarity in the way in which these rivers flood the Punjaub to the way in which the Nile floods Egypt. Is it the case that a fertilising loam is left behind when these rivers subside?—A fertilising deposit is left in almost all the rivers. In a great part of the Jelum river that does not exist, but in all the other rivers I may say it does.

929. And are not any of the mischievous effects produced in the Punjaub by irrigation which are produced in some parts of the Jumna and Ganges Doab by the efflorescence?—With regard to that, it has not gone to any great extent yet, but in some localities it has begun to show itself, and there is some little fear that it may prevail, as yet, I believe to no great extent.

930. Mr. *Hermon.*] Can you tell me at all what quantity of land on the average these peasant tenants or cultivators farm?—As regards the proprietors it is quite uncertain, it varies according to circumstances. As regards the tenants, only making a guess (I daresay it could be found out, though I do not think it exists here), I should say myself about five or six acres.

931. You said that in the case of famine the Government made advances, which were repaid in seven or eight years?—Yes.

932. Do the Government make any advances for partial destruction of crops from floods or any other cause?—If any calamity occurs, such as a hailstorm, which is a very general occurrence, and breaks the whole of the crops down, the Government in such cases are very liberal in making allowances, or, shall I say, either abating or altogether striking off the revenue for the year; and in that case it becomes the duty of the Government officer to see that the proprietors do the same to the cultivators, and do not get anything from them.

933. In the cases where these advances have been made by Government they have generally speaking been promptly repaid?—Yes, always; they never break faith.

934. Mr. *J. B. Smith.*] Did I rightly understand you to say that there are no trees in the Punjaub?—Along the fringes of the rivers, whose banks are inundated by the annual inundation, that is so; but in the other parts of the Punjaub there are plenty of trees.

935. Is there no want of fuel?—The fuel is supplied from those central wastes that I spoke of, those central doabs, where there are the nomad tribes; and quantities of brushwood grow there, and it is well supplied with fuel.

936. Then there is no necessity to burn the manure for fuel?—I am sorry to say that they very often do that, but I think they are quite

Sir *R. Montgomery*, K.C.B., G.C.S.I.

31 March 1871.

alive to the value of manure, and every year they become more and more so.

937. Are most of the rivers navigable?—Yes, to a certain extent, they are all navigable, but there are a great many quicksands, and the courses of the rivers are constantly changing, and navigation is done with difficulty.

938. Are the canals navigable also?—There is only one canal, the Baree Doab Canal, that has been really made, and I think within the last two years they have began to navigate it.

939. It is used for purposes of navigation and irrigation?—Both; there was a little defect originally in constructing the bridge: they had not then towpaths under the bridges; that has been supplied, and they are now able to carry on the navigation.

940. Those canals are made by the Government?—The Government made the Baree Doab Canal; the Government has spent upwards of two millions of money on it.

941. Do you know what the returns of the canal have been so far to the revenue?—I think the last return was 78,000 *l.* gross and 37,000 *l.* net.

942. Was that the gross or the net return?—The gross return.

943. Do you know what the net return was?—Yes, 37,000 *l.*

944. Do you know whether the net return was sufficient to pay the interest on the capital?—Not yet; but the canal has not come into full operation, nor have the irrigating branches. If you have a canal, you require hundreds of irrigating branches; I do not think they have been all made yet.

945. Is it your opinion that when this canal is completed, both for navigation and irrigation, the revenue from the canal will be sufficient to pay the interest on the outlay?—I think it will; but you must bear in mind that for about 20 years whilst it was constructing, there was next to nothing received; but I think that now it will pay, though barely pay.

946. Then, in fact, the revenue derived from the canal now, after this long outlay, forms a part of the revenue?—Yes.

947. Supposing that the revenue from this canal be sufficient to pay the interest on the outlay, and something beyond that, what it pays beyond the interest on the outlay will be a sinking fund to pay off the principal?—Yes, but I do not think it has yet come to that.

948. But we may look prospectively to that?—Yes.

949. In case the income be sufficient to pay the interest and wipe off the principal, the result would be that the Government would have the canal for nothing?—In a great many years. It would take a long time, but certainly that would be the result.

950. Do you think that that is an encouragement for the Government to borrow money, and to lay out capital for such objects?—I think so. But I may also say, that with regard to canals, great discretion is necessary as to the part of the country in which the canal is made.

951. I think you said that in periods of famine, you were obliged to make advances to the farmers; is there any famine in those parts of the country where there are canals for irrigation?—I have known some distress, but not a famine there, certainly.

952. Sir *Thomas Bazley.*] Did you reside before the formation of the Great Canal in the Punjaub?—Yes.

953. And you have witnessed a very great difference in the condition of that country since the establishment of the canal, a beneficial influence?—With regard to that I would say that where there was no water before, undoubtedly the cultivation has spread very much; but for a great portion of the tract through which the canal has been brought, there was high cultivation and irrigation before. Where the canal has reached districts in which before there was no water and no irrigation, there undoubtedly has been a very great improvement.

954. And has not the canal contributed to increase the land revenue generally?—The water-rate derived from the canal certainly has increased the revenue.

955. And you have described the land revenue as being paid with great promptitude?—Yes.

956. And much of that you would attribute probably to the benefits derived from the canal?—No doubt where a canal exists that is the case; but the canal, as we have it, reaches only a small proportion of the country. The rest of the country has not been reached.

957. But there are branches from the canal both for navigation and irrigation?—Yes; and I might also mention that along the banks of the southern portions of the river there are inundation canals made by the old governments in former times, which we have much improved, and enlarged and irrigated large tracts of country.

958. Therefore the increase of these public works would contribute to the increase of the land revenue and the prosperity of the people?—Yes, certainly very much.

959. Mr. *J. B. Smith.*] This settlement you say began in 1850?—Yes, the regular settlements.

960. That has been going on, I understand, ever since that time; and is it the case that the same rate is charged in 1870 as was charged in 1850?—We take less now.

961. Even though the land is more valuable?—Yes.

962. Then, at the expiration of the 30 years settlement you begin a new settlement?—Yes.

963. And that will be all upon the same principle?—Yes, but there will be a great increase of cultivation, and the land will be more valuable, and no doubt we shall get more.

964. Mr. *Eastwick.*] I think you said nothing about the Trans-Indus district; do we get anything from that?—That is the most western portion of the Punjaub. As regards the general feature of the country, a portion of it is very well watered from the hills, but a great deal of it is very arid. The inhabitants are very warlike; they have never paid a great deal of revenue, and our assessment is very much lighter there in consideration of the people, and their habits, and their want of skill perhaps in cultivation; and, politically, it is of importance not to assess them highly.

965. Could you state exactly what the system is?—It is exactly the same system, a survey professionally, and also in detail, by measurers.

966. And is it a settlement for 30 years?—It will now be made for 30 years; the first was for 12.

967. When was the settlement for 12 years made?—It commenced in 1850 for 12 years; and then, after 12 years, that is to say, in 1862, new settlement

settlements were made, which will go on for 30 years.

968. You say that the assessment is lighter, can you say exactly what it is?—No, I cannot say exactly, but it is considerably lighter. It is politically of importance more lightly to assess those people, seeing that they are quite different in character; and, in some parts of the country they are almost independent of us, our assessment is almost a peppercorn.

969. But it is fertile soil, and if they become quite peaceful, it will produce more revenue?—Yes.

970. Is it more in the nature of a tribute, or is it assessment?—It is an assessment.

971. You said, I think, that in 1849, and for two or three years about that time, there was a very great produce of grain, and that the revenue fell in consequence of it; was it owing to the want of communication and their not being able to sell the exports and sell the grain, or do you think that the same thing would happen now?—I do not think the same thing would happen now; I think that the means of export, both by roads and by rivers which have become more used than they were, and by railroads, would enable us to export the grain.

972. With reference to Cashmere, there is a considerable import of valuable wool from Cashmere, is there not?—Yes; but the chief wool trade comes from the hills, beyond our territories, on the western frontier; it comes from Affghanistan; great quantities of wool go to Scinde from there.

973. I think you said nothing of the tea cultivation; there is considerable tea cultivation, is there not?—In the northern part of the Kangra valley, which forms part of the Julinder tract, which was ceded to us in 1846, and which I mentioned in the earlier part of my examination. There are a considerable number of tea planters who have obtained estates there, and are, on the whole, doing very well.

974. And do we assess them in exactly the same way as the other cultivators?—They got their lands with great difficulty, they bought them from the proprietors.

975. But how do we assess them?—I think exactly in the same way as other proprietors; they would not assess them more for producing tea, nor would they assess land more for producing sugar cane; they would put exactly the same rate upon the land whatever the product might be, whether it was sugar, or wheat, or cotton, or anything else. That was the general principle, viz., not to take extra rates for crops, but to assess the land according as irrigated, or unirrigated, and with reference to the soil.

976. Is this land which has been taken up for the tea plantations land that would be used for the usual crops otherwise?—Yes, and a good deal of the ground was virgin soil; they got certain tracts of forest which they themselves broke up and cultivated.

977. I think you stated that it is now 28 years since the Baree Doab Canal began to be made and that it does not pay the interest yet?—Yes.

978. Do you consider that a very great encouragement to make canals that after 20 years it does not even pay the interest on the outlay?—The fact of the matter is this, that the canal ought to have been made much faster, but the Government merely gave money as they were able to give it. As they were hard pressed they dribbled it out. During the mutiny, of course, they did not give much; and whenever the finances were pressed they could not give very much money. It is just possible that if a company were to take up a canal of that kind, or if the Government would borrow money, they could carry the canal through in a few years.

979. And it would be much more profitable then?—It would be much more profitable then, because they would get a quicker return.

980. Is it found that, as the canal is made, the wells lose their water anywhere in the vicinity of it?—I have heard that stated, but I do not know the fact; I believe it is denied. Some people say that it is so, and others say that it is not, but, on the contrary, that the water is raised in the wells.

981. It would be an important point, would it not, if it were so?—Yes; but I am rather inclined to think it is not a fact.

982. Sir *Thomas Bazley*.] Though the canal itself has not paid much interest on the money, may not the country at large have received ample compensation by increased prosperity from the establishment of that canal?—No doubt a great deal of money was disseminated by the expenditure on the canal, and no doubt the people of the neighbourhood and surrounding country benefited thereby.

983. They were enabled to pay with greater facility the demands made upon them for State purposes?—No doubt they were; but I am not prepared to say that they would not have paid them, even if it had not been made. No doubt more money was disseminated by it.

984. Mr. *Grant Duff*.] Is the culturable land of which you spoke being rapidly taken into cultivation?—You mean, I presume, the land within the precincts of the villages. I should say it is. It would depend upon the capital that the proprietary body had. If they had money, I think that they would cultivate quickly; if they had not, I think it would for some time be uncultivated.

985. But, taking the country as a whole, it is being taken up rapidly into cultivation?—Yes; I think so.

986. I think you said that there were 25,000 square miles of that culturable land?—Yes, that would include some land that is very inferior, and some that is very good, still all classed under the head of culturable.

987. Would it be over-sanguine, do you think, to hope that before the end of the century something like half of that might be taken into cultivation?—I think that would be not over sanguine; I think that that amount would be brought into cultivation certainly before the end of the century, and before the end of the settlement, which is the same thing.

988. Then if I am right in thinking, as I think I am, that the area of Ireland is about 30,000 square miles, we have reason to hope that before the end of this century an area equal to not much less than half Ireland may be added to the land of the Punjaub, from which we derive land revenue?—I think it is quite probable.

989. And it is also probable that that land which by that time will have become cultivated will be inhabited by people as prosperous as the other inhabitants of the Punjaub, and all bearing their share in supporting the expenses of Government?—Certainly, the population has very rapidly increased, and is increasing now very fast.

990. Some members of the Committee seemed

Sir *R. Montgomery*, K.C.B., G.C.S.I.

31 March 1871.

to think that the Government had made rather a bad bargain with regard to this cultivable, but uncultivated land; but I suppose in a province so peculiarly situated as the Punjaub an almost over-liberal system of taxation towards the cultivator would be only wise on the part of the Government?—Certainly, and I think that they have shown great wisdom in what they have done, and will be fully repaid hereafter for their present liberality.

991. This prospective increase of cultivated land in the Punjaub, of which I have been speaking, is altogether irrespective of any increase to the cultivable, and therefore taxable land of the Punjaub that may accrue from operations of the Government, or by private speculators in the arid parts of the country, which you class as being under their present circumstances uncultivable?—Quite irrespective of that.

992. *Chairman.*] Can you give us any general view of the relative prices of agricultural produce in the Punjaub as compared, for example, with the Presidency of Bombay?—I could not state that.

993. Can you state what during the last 20 years has been the general rate of increase of prices of agricultural produce in the Punjaub?—I can only say this, that they really vary so extremely from year to year, partly owing to whether the rains have been abundant, or whether have been less abundant, that it is very difficult to say with anything like certainty what the increase has been.

994. But allowing for fluctuations for climate, has there been a general enhancement of the prices of agricultural produce do you consider?—I think so certainly, because the native consumers who are not agriculturists complain very much of the enormous rise of prices. There used to be a common saying amongst them, that in former times they would get a camel-load of grain for a rupee, that is for 2 *s.*, and now it costs them 8 *s.*, showing how very much prices have risen.

995. We may take it that there has been a very large increase in prices, but you cannot at this moment tell us what relation the present prices bear to the prices nearer the sea coast?—No.

996. Can you tell us whether there has been any considerable increase in the rate of wages in the last 20 years?—Considerable; the wages of the common agricultural labourer have nearly doubled.

997. On the re-settlement of the land revenue therefore, assuming this increase to be maintained, the money amount of the land revenue would be very considerably increased, without increasing the ratio that was established at the last settlement?—Certainly, owing to the spread of cultivation.

998. But owing also to the general enhancement of prices?—Yes.

999. Mr. *Grant Duff.*] We cannot look forward I am afraid to any great diminution, if we have a diminution at all, in the cost of collection?—I think not.

1000. Mr. *Fawcett.*] You alluded in reply to a question from the Honourable Member for Fife, to the fact that it was probable that an area, equal to half Ireland, would be brought into cultivation within 20 years; is that estimate based on what has taken place in the past, and what is taking place in the present time?—I think that judging from the great increase that has taken place since annexation, we may fairly look forward to that, now that there has been a settlement for 30 years, that good titles have been given to estates, that there is a fixity of demand, that every person will do his best to cultivate and extend cultivation as much as he can, particularly as he himself will get the full benefit of it.

1001. Have you stated the amount that has been brought into cultivation during the last 20 years?—No, we have no record of that; it might be possible to find out what it has been since the first regular settlement to the present time, but there is no record of that that I am aware of.

1002. Then it is your estimate that a quantity of land equal to half of Ireland will be brought into cultivation, but you do not know what the rate is at which culturable land has been brought into cultivation; it is not based on figures?—It is not based on figures.

1003. You alluded to complaints of the native consumers arising from the great increase of prices that has taken place; should you say that the native consumers, independently of the agriculturists, are really better off now than they were 10 or 20 years since, bearing in mind the great increase in prices?—I think that generally they are, but in some places, like Lahore, where there was a court in former days and large sums of money were spent, and Armitsur, I think, perhaps they are not so well off; but I should say that, on the whole, the general population of consumers are better off than they were before.

1004. You said that agricultural wages had nearly doubled, and that grain had in some cases increased 400 per cent. in price?—Allow me to say that that was an old native saying; I did not say so myself.

1005. Do you think that it was an incorrect saying?—I think greatly exaggerated.

1006. Can you give any estimate of the increase in the price of grain?—It varies so much really with the season that it is very difficult to say; but, generally speaking, there is no doubt that when we first went to the Punjaub, flour, which was the great article of consumption of the country, used generally to sell at 24 and 25 seers for the rupee, and I think now you rarely get more than 16 or 17 seers; but that again fluctuates; if the rain comes down as they wish, the country is overflowing with grain.

1007. As there has been a very considerable rise in prices, of course the increase in wages does not represent altogether the increase in prosperity; not necessarily so?—The fact is, that we have not introduced great public works; we have been constructing roads, building barracks, making canals, and making railroads; so much is there a demand now for labour that that has raised the rate of wages very much, independent of anything else.

1008. You referred to the local advantage which the canal in the Punjaub had conferred; it has conferred a great local advantage, has it not?—I think so.

1009. But the canal has been made by money not contributed from the locality, but from the Imperial Exchequer of India?—Yes.

1010. The canal is not paying?—The canal is not paying at present.

1011. Therefore the general revenues of India have contributed, in order to benefit the locality, capital for which they have not obtained a proper remuneration?—That is quite the case.

1012. Therefore

1012. Therefore, in carrying out this policy of public works, it ought to be carefully borne in mind that money is contributed by the general body of the people of India, and not the locality?—Yes.

1013. Mr. *Birley.*] What is the superficial measure of land corresponding with our English acre, or what is the assessment upon land in rupees in the Punjaub to compare it with our English rent?—The assessment falls per English acre upon the cultivation throughout the Punjaub 1 rupee, 1 anna, and 3 pies on the cultivated land. I suppose that would be 2*s.* 2*d.* or 2*s.* 2¼*d.* And it falls on the cultivated and culturable land at 10 annas and 2 pies per acre; and it falls on the total area at 5 annas and 4 pies, which is not a very heavy assessment.

Sir *R. Montgomery*, K.C.B., G.C.S.I. 31 March 1871.

1014. Sir *C. Wingfield.*] Do not you call that a very light assessment indeed?—Yes; there is no reason to complain of the British Government.

1015. Mr. *M'Clure.*] Can you give any idea what the proprietors charge the tenants?—It varies extremely, according to the soil, and so on; the rates are not so high in the Punjaub as they are in the North Western Provinces. I would say they are more than double the revenue rates.

Mr. ROBERT ANSTRUTHER DALYELL, called in; and Examined.

1016. *Chairman.*] WHAT office do you hold in India?—I have been 20 years in the service. I was at first employed in a subordinate revenue appointment, in a central district; then in a superior appointment of the same class, in a southern district; and afterwards in a semi-political and semi-revenue appointment, in a northern district; but for the last 10 years I have been at head-quarters, for seven years in the secretariate of the Board of Revenue, and for about two and a half in the Government secretariate at Madras.

Mr. *R.A. Dalyell.*

1017. Will you state shortly what are the different systems which now prevail in the Madras Presidency?—It may be said, generally, that the system prevailing is the ryotwaree system, but about a third of the Presidency is held on a permanent settlement by zemindars and inamdars.

1018. Will you describe briefly which are the parts so held?—The north, generally speaking, is where the permanently settled estates are situated, but there are also a few large ones in the south, and in all districts there are usually a considerable number of inam tenures.

1019. That is to say, free from revenue or favourably assessed?—Yes.

1020. Then with regard to what you call the ryotwaree system, which I understand to be the assessment of the individual owner of property, as contra-distinguished from the owner of a whole village, is that the same as we have heard described as applicable to Bombay, or is it peculiar to Madras, and if so will you explain in what respect?—I believe it to be the same as in Bombay, that is to say, each holder of the land is dealt with separately.

1021. Will you state how the settlement has been made, and how it is now made; is it permanent or temporary upon the ryotwaree system?—So far as the ryotwaree parts of the country are concerned it is a temporary system, that is to say, it is for periods in no case in excess of 30 years.

1022. When did the 30 years' settlement begin?—In different parts of the country, at different periods, as the new Settlement Department has progressed. They have made each settlement for 30 years from the date on which it was completed.

1023. But how long has it taken, or is it now complete?—It is not nearly completed for the whole Presidency.

1024. When did it begin?—Some of the settlements began about nine years ago, the first of them.

1025. What progress has been made in the way of proportion of the whole settlement?—I could not say without referring to figures, but it is but a small proportion of the whole Presidency that has been re-settled.

1026. How long do you think it will take to complete the 30 years' settlement?—I should think at least 20 years more—to go through the whole Presidency.

1027. It will about finish by the time it is necessary to begin again with a re-settlement?—Yes.

1028. Is this 30 years' settlement carried on under the supervision of European officers, with the assistance of native officers?—By European officers, with the assistance of native officers.

1029. Are there any special rules for the 30 years' settlement by way of instruction, or is it done by general instructions?—Yes, general instructions are laid down for the officers. After the country has been demarcated, boundaries marked out and surveys made, the Settlement Department officers class the land with reference to the quality of the soil; then measures are taken to ascertain the produce of each class of soil, and deductions are made for cost of cultivation, and cost of carrying to market, and other matters; and finally the net produce is ascertained, as nearly as possible, and half that is taken to be the Government share of the produce; that half share is then commuted into money on the average prices of a series of years.

1030. To arrive shortly at what you call the net produce, is that the sum that a proprietor would get as rent if he were to let his land to a farmer or cultivator?—No, usually, a very much smaller amount than such a rent; he would obtain a much larger amount from a tenant than he pays to the Government.

1031. But the net produce before it is halved is what I am speaking of; in your estimate of net produce, is that the sum that the land would yield to a proprietor if it were let to a farmer to cultivate, or is it more than that?—He would certainly obtain a rent equal to the value of the whole net produce, of which he would pay half to the Government

1032. In other words, I want to ascertain from you whether in using the term "net produce," all the deductions are made to represent the capital and industry and reasonable profits of cultivation?—All the cost of cultivation is deducted before the net profits are arrived at.

1033. But does that include any allowance to the person who cultivates for his own maintenance?—All the labour is calculated as if it were hired labour.

1034. It is all the expense, including the labour of the cultivator himself?—Yes, all that is taken into

Mr. *R.A.Dalyell.*

31 March 1871.

into account before you arrive at the net profits.

1035. Then the half that the Government take leaves half net profit, which represents the proprietary right?—Yes, the value of the right of ownership which all the ryots have in their land.

1036. What may be called their rent?—Yes, if they were to let their land, they would get really a much larger sum than the money value of half the net produce as arrived at by the Settlement Department, but nominally that would be their rent.

1037. In arranging this 30 years' settlement, have all the lands capable of cultivation been taken into account, or is an assessment put upon the land to be paid of course only when the land is cultivated?—In each village a certain proportion of the cultivable land which was waste at the time of survey, has been surveyed and assessed. Such portion as the department thought would be taken up in the next few years after the settlement; but it has been found in many districts that more than that quantity has been taken up, and measures are being taken to survey all such excesses.

1038. Then the Government has reserved to itself the right of assessing any land that was not under cultivation, and assessible at the time when the 30 years' settlement was made?—Yes.

1039. Therefore, to that extent the assessment of any village is capable of being increased as cultivation increases?—Yes.

1040. So far as the permanent settlement has gone, has it been found that there is much cultivatable land not under cultivation in the villages?—Yes, there is a large proportion of cultivable land still waste, but not good land; all the good land is taken up, but the increase in the cultivation in the past few years shows that every year a large quantity of waste land is taken up as the people become richer.

1041. When you say waste land, you mean land that is capable of being cultivated, but was not cultivated at the time of the assessment?—Yes.

1042. And will that make an important increase in the revenues as regards the 30 years' settlement?—Yes, every year we are obtaining a large increase of revenue in that way.

1043. What means are taken to check this taking up of the land not included in the assessment?—In every village there is an accountant, one of whose duties is to send in a statement of the cultivation every year, so that his accounts would show the increase each year in the cultivation of the village.

1044. Then with regard to the land that was assessed, or the territory that was assessed from year to year, or liable to be assessed from year to year, on what principle is that now assessed?—You refer to the old assessments that have not come under the 30 years' settlement. They have been variously settled at different times, and they remain under these settlements until taken in hand by the new department. Occasionally reductions in the rates have been made. When the Government found that the assessments were too high, and that good land was allowed to go out of cultivation, temporary arrangements were made, reducing the rates.

1045. Is there any systematic assessment at short intervals of the lands not subject to the 30 years' settlement?—None, beyond the temporary arrangements just referred to.

1046. Are they still paying the old revenue and have no increases been made?—The rates on the land have never been increased. The revenue of a village has often increased to some extent, from the area of the cultivated land having been enlarged, but the rates of assessment have not been raised anywhere.

1047. On the permanent settlement has the rate of assessment been increased?—No; the permanently settled estates, of course, have all remained at the same rate of assessment as that on which they were originally permanently settled.

1048. I mean in introducing the 30 years' settlement to a village, such as you have described, has the settlement generally resulted in a diminution or increase of the assessment?—In most cases, at first, in a small reduction of the existing settlement, but always in the course of two or three years in an increase in consequence of extended cultivation. All the rates are adjusted and made more equitable by these revisions of the assessment, and therefore immediately they are finished more land is taken up.

1049. Are settlements made always with the ostensible or reputed owners?—Yes, with the ryot reputed to be in possession; we consider the ryot to be the owner of his land.

1050. But the ryot is not necessarily the occupant of the land, is he?—Not necessarily; in the great majority of cases, however, he is. I think we have about two and a-quarter million ryots and a million tenants.

1051. Those are occupants from year to year or otherwise, under particular contracts?—Yes, under particular contracts with the ryot owners; usually half the gross produce is paid as rent.

1052. But in collecting the land revenue, you take no notice of an occupant of that kind; you make your assessment with the person who is the reputed proprietor or owner?—Yes.

1053. Do you anticipate any increase in the revenue from any other source, except the taking up of land which is not in cultivation?—At the end of the new 30 years' settlements there would be an increase, if the assessment should be again revised with reference to prices; of course the prices at the end of the 30 years would be so much higher than the prices upon which the former commutation was made, that the rates would come out very much higher.

1054. That is assuming that prices continued to rise?—Yes, or even if they remained at present rates, or if they did not fall very much.

1055. Has there been a great rise of prices generally, of agricultural produce in the Madras Presidency?—An enormous rise.

1056. Will you explain then how it is that, in passing from the yearly settlement to the 30 years' settlement there is not a great increase of revenue, if there has been that great increase of prices?—It is in consequence of the commutation of the grain values of the land, into money having been made on the average prices of a very long series of years, consequently the high prices during the last 10 or 15 years are quite swamped by the low prices of the, perhaps, 50 years before.

1057. Do you mean that for arriving at an estimate of the prices for the 30 years' settlement they do not take the average of a few years, but a long average?—An average of 60 or 70 years usually as long a series as they could obtain. It has varied in different settlements, but owing to

the sacrifice of revenue necessarily resulting from such a system, it has recently been laid down by the Government, that, whenever possible, the 20 years previous to the date of the settlement is to be the series upon which the average price is to be taken; and consequently, in future settlements, the assessment will be much fairer to the Government.

1058. And that 20 years, for some little time past, would embrace the period before the rise of prices, would it not?—About five years of that period, at present, as prices were not high until 1855. I think about 1850 or 1851 the rise in prices commenced. Between 1840 and 1850 the average price of the second sort rice, which is the staple grain, was 155 rupees per garce, that is equal to about 17 *s.* the British quarter. Then, the average price from 1855 to 1865 was very much higher, more than double, namely, 321 rupees, and the present price is 383 rupees; so that prices have considerably more than doubled during the last 20 years.

1059. Then, notwithstanding that as regards the present settlement for 30 years, the Government have taken no advantage of it?—Only a small advantage, only to the extent to which the high prices of recent years have affected the average price at which the commutation price of each settlement was fixed. Of course, now as the commutation rate is to be fixed upon a range of prices of only 20 years, the rate will be much higher, and the advantage taken will be so much the greater.

1060. Can you explain how it was that the attention of the Government was not called to the circumstance of the rise of prices at the beginning of the 30 years' settlement, in order to make a more equal assessment?—A great discretion was left to the settlement officer in the matter of the settlement, and he was enjoined always to make it very moderate. The experience of the Government had shown that all reductions of assessment had usually resulted in a large increase of revenue owing to increased cultivation, and, consequently, they were very chary of admitting or sanctioning any settlement that would have resulted in any increase of the existing rates.

1061. Were great complaints made in Madras as to the extreme oppressiveness of the old system?—In old days, no doubt there were such complaints, between 1840 and 1850; but virtually the rise in prices has remedied that state of affairs.

1062. Mr. *Hermon.*] The increase in prices would not be double in the ports, would it?—In Madras itself the average price, per garce, of second sort rice, from 1814 to 1855, was 190 rupees, and from 1855 to 1865 it was 327 rupees.

1063. *Chairman.*] Can you state what was the reputed proportion of the Government revenue to the supposed net profits, previously to the permanent settlement under the ryotwaree system?—It used to be considered equal to a third of the gross produce, but it varied very much in different districts; theoretically the idea was 33⅓ per cent. of the gross produce.

1064. Your idea is that the reputed oppressiveness of the land revenue in Madras has been corrected by the rise in prices?—Yes, entirely; even money assessments are certainly lower now than they were when prices were only half what they are at present.

1065. Do you mean lower per acre?—The money rate per acre is considerably lower now than when produce was half the present price, so that the landowner is so far in a better position.

1066. Then in the prosecution of the 30 years' settlement you do not anticipate any further reduction of the land revenue?—Certainly not.

1067. Do you hope for much increase as you proceed?—Not very much, I think, from increased rates.

1068. You only look to increase from the taking up of land for cultivation?—Yes, principally to that. The Government would be loath to raise the existing rates very much; they might raise them slightly in some districts, but I think we shall always look principally to the extension of cultivation for our increase of revenue.

1069. Can you state what is the estimated amount of land under cultivation, and the amount of land culturable, but not under cultivation, under the ryotwaree settlement in the Madras Presidency?—In 1855 there were, speaking roughly, 10,000,000 acres under cultivation; in 1860-61 the area had risen to 14,000,000 acres; in 1865 to 16,000,000 acres, and in 1869-70, the last year for which we have received returns, to 17,000,000 acres. These figures refer to the ryotwaree portions of 17 districts. Of two districts we have no returns of cultivation, as they have never been surveyed.

1070. Can you tell us how much more cultivable land within those districts is still untaken up?—This can be obtained from the Returns of the Board of Revenue; but I believe I should be within the mark if I placed it at 25 per cent. on the present area of cultivation.

1071. Can you give us any general account of the land revenue in the ryotwaree districts?—I have not got it separately, but I can give you roughly what it would reach. The permanently settled revenue from estates you may put down at half-a-million; and I think the inam quit-rent at something less than a quarter. Deduct three-quarters of a million from the gross, and the balance would be the ryotwaree revenue. The gross revenue in 1855 was about three and a-half millions sterling; in 1860, 4,000,000 *l.*; in 1855 4,250,000 *l.*, and in 1869-70, nearly 4,500,000 *l.* Taking three-quarters of a million from those sums would give you the amount obtained from ryotwaree settlements.

1072. But the increase is almost exclusively due to taking up new land, and bringing it into cultivation?—Yes.

1073. With regard to the zemindary or village holdings, are they very extensive in Madras?—No, there are a few large estates, but only half-a-million is paid by such estates out of our land revenue of four and a-half millions sterling.

1074. But in area are they not very large?—Yes, some are very extensive; for the largest estate, the zemindary of Vizianagram, the assessment to the Government, I think, is about 50,000 *l.*

1075. Can you give the total extent of the land held in that way?—Several estates have not been surveyed; but, possibly, I may find an estimate of what the gross area has been. I believe one-fourth of the Presidency would be a fair rough estimate.

1076. In regard to these estimates is the settlement made with the villages, and the assessment put upon each village, or upon the entire holding of the individual, whether there are several villages, or only one?—The original system on which the permanent settlement was

Mr. *R.A.Dalyell.*

31 March 1871.

made of these estates varied very much. In some districts careful estimates were made of the assets, and a certain allowance was made for the zemindar, and the assessments fixed permanently in one sum on the estate. Then, in other cases, where the old chieftains of the country were in possession, they paid, and continue now to pay, a sort of tribute, fixed with reference to what they paid before, and not with reference to what they collect.

1077. In these cases did the Government take any returns of occupants under the proprietor?—They guarded their interests to a certain extent in the enactments that were passed at the time, during the earlier years of the present century.

1078. Recognising proprietary rights in the sub-holders?—Well, it is difficult to say that; the regulations are rather contradictory, and finally, a regulation was passed in 1822 which declared that these regulations did not define, limit, or infringe upon the rights of either party; leaving it, therefore, to the courts to decide in all cases.

1079. In the Revenue Department the Government has no cognisance of anything behind the proprietor, from whom they receive the revenue permanently?—A recent Act makes the collector the judge in certain matters between the zemindar and his tenant.

1080. Not as the revenue officer?—As being the most convenient officer to settle the matter, it is left to him.

1081. But that in no way affects the revenue of the Government?—It does not affect the revenue in any way; merely the position of the tenant towards the zemindar is determined in such suits.

1082. The Government has no claim therefore in respect of any land brought into cultivation within the villages so permanently assessed?—No.

1083. Therefore, the limit of the Government is absolutely defined in all these zemindary estates?—Yes.

1084. Can you tell us briefly what is the total extent of the country held in that way?—I think about one-third, speaking roughly, including the rent-free tenures as well as the zemindary estates; from that one-third of the country you can expect no increase of revenue.

1085. With regard to those who are inam holders, or persons paying less than the regular revenue, do any of them engage to perform any service instead?—The Commission just brought to a close has commuted these services for a small increase of quit-rent, so that all services of that kind, military services and such like, are done away with, but the village service still continues. Village service inams have not been interfered with.

1086. And they still perform the services?—Yes, and the inams are merely recorded.

1087. The Government has now no claim for service itself upon any of the landowners?—Only for village service they have such a claim upon the accountant, the head man of the village, the village watchman, and on the man who looks after the water works, and occasionally, in some villages, on other persons for revenue or police service.

1088. Have any steps been taken in Madras to ascertain whether land has escaped being assessed to the revenue?—The inam commission has gone carefully into all exemptions from revenue.

1089. All claims for exemptions, too, were inquired into?—Yes, and settled.

1090. So that there is nothing more to be expected from land of that kind?—No, the operations of the Commission resulted in about half-a-million tenures, I think, assessed at about a million of money, being settled. The old quit-rent upon them amounted to about 100,000 *l.*, and that sum has been about doubled by the Commission by the operation of settlement, the commutation of service, and so on.

1091. The Government have added about 100,000 *l.* in those cases?—Yes, and they have given permanency of title to all these landholders, so that it has been a satisfactory arrangement to both parties. Briefly, lands bearing a nominal assessment of about a million sterling, and held on uncertain titles on the payment of only one-tenth of that sum, now pay about two-tenths, and are held on good titles.

1092. Is there any extent of territory in Madras now, which may be called waste land, beyond the limits of the settlement capable of being cultivated and assessed, what may be called hill and jungle?—We consider that all land in Madras is within the limits of some village. I could not give you the quantity of hill and jungle lands. Much has never been surveyed.

1093. We may take it that all the upland and hills are considered as the common lands of some village for the purpose of pasture?—Yes, speaking generally.

1094. And therefore there is no land now used for natural pasture which the Government can take and grant out?—The Government consider that they have a right to all waste lands if required by them; the only right that the villagers have, beyond a common right of pasturage, is a first right to cultivate. If the occupants of a village refuse to take the land for cultivation, and another person is willing to take it, although he may not be an occupant of the village, he is entitled to do so.

1095. If there is any land now in a state of primitive pasture and any person comes forward and desires to cultivate it and tenders a certain assessment, the Government has power to grant it if the villagers do not agree to take it up for the same assessment?—Yes, but this rule applies to the ryotwaree parts of the country only.

1096. Do the zemindars extend their rights to much of the uncultivated land?—Yes, large tracts of forests, hills, and so on, are in the hands of zemindars.

1097. Mr. *Cave.*] Do you include in those waste lands within the limits of the villages, the Neilgherry Hills, for instance?—Yes, no doubt there are certain villages on the hills which may be taken to include every part of them; you may say generally that every acre of land is in the limits of some village, although I dare say it would be occasionally difficult to identify large jungles with particular villages.

1098. You state that prices have risen very much, have wages of labour risen also?—The greater portion of the labour of the country is paid in grain wages, nearly all the agricultural labour is paid in that way, so that really the bulk of the wages of the country are not affected by prices; but the wages that are paid in money, I think, have not increased in quite the same ratio as prices. About four years ago it was ascertained by the Board of Revenue that all agricultural labourers were still paid in grain, and that their grain wages had not risen materially

of

of late years; as to the other classes of labourers paid in coin, it was ascertained that their wages had risen considerably, and that the increase had kept pace with the enhanced price of food. Compared with former rates, wages were said to be in some cases double what they formerly were, but the general proportion of increase was 50 per cent., and only in a few cases had the increase been as small as 25 per cent.

1099. Is there not another element in the Madras Presidency which may be considered to raise the wages of labour, that is to say, emigration?—Yes, that has done so to some extent no doubt, and also the execution of large public works and the construction of railways.

1100. Has emigration to the West Indies and the Mauritius materially raised the rate of wages?—No, it has not been considerable enough to influence the price of labour; but no doubt the large public works and the great expenditure of money on such works and on railways during the last 10 years have been an element in raising the rate of wages.

1101. There has also been emigration, I think, to Pondicherry?—There has been a good deal of emigration to French colonies through Pondicherry.

1102. Would you consider it fair that the proprietors of lands should now surrender to the Government part of this very large increase of prices?—Well, it would be fair, but I am not sure that it would be politic to require it, I would rather take from them what the Government may need by indirect means.

1103. What has caused this rise in prices?—Partly of course the depreciation of the precious metals by the Australian gold discoveries, for a large quantity of gold finds its way to India; then the development of trade and the construction of railways and roads have also had a great deal to do with it, and the general progress of the people and the improvement of their social position have also tended to the same end.

1104. Would you consider that the construction of railways and roads has been the chief cause or not?—I should say rather the depreciation of metals. It is however a difficult question to determine, and I should not like to express a decided opinion on it.

1105. In so far as those works constructed by Government have been the cause, the Government ought to reap some benefit, ought it not?—They should reap some benefit no doubt.

1106. But you think it would not be politic to interfere, in the fact you could not interfere with the settlements already in existence?—You could not interfere with the existing ones, but even in making the new settlements which we are now making, I think it would be impolitic to raise the money rates much beyond what they are now; I would rather obtain what we require from the people by other means.

1107. Is there any rule preventing the Government from imposing a special cess to meet any special expenditure?—No, that is reserved in all the settlements. There is a cess for roads, and it is now under discussion to have a general cess for local purposes of all kinds. I think the Bill has been passed, or is about to be passed by the Local Council at Madras.

1108. Then the Government has a perfect right to put on a special cess for special purposes in the middle of a settlement?—Yes, there is no guarantee about that; the guarantee is merely that the land revenue is to be fixed at certain rates for the period of the new settlement, and these cesses for local purposes have been considered always as separate from the land revenue.

1109. Have railways been considered local purposes?—No; railways and large trunk roads are always considered to be not local, but Imperial works.

1110. And works of irrigation?—Large works of irrigation are also imperial; small works of irrrigation would, perhaps, be considered local, but it is difficult to draw a hard and fast line of distinction.

1111. Are there any railways in Madras made by the Government now?—None as yet.

1112. Sir *C. Wingfield.*] The permanent settlement was ordered to be introduced into the Madras territory very shortly after the conclusion of the permanent settlement by Lord Cornwallis?—Yes.

1113. I see that it had extended to about one-third of the Madras territory before it was stopped?—I dare say it had, but I cannot state positively.

1114. And the idea then ran so strongly in favour of a permanent settlement, and a permanent settlement with zemindars, that I think the orders were that, even should there be no zemindars, the lands were to be sold by auction to any one who would buy them?—In a considerable part of the presidency that course was followed with the idea of creating a rich landed proprietary body.

1115. It was very much done round Madras?—In the Madras or Chingleput, and Salem districts, and in parts of others.

1116. But the majority of those men who bought these lands, I think, failed?—A great number of them failed, and the lands were resumed and re-settled on the ryotwary system.

1117. At that time it was perfectly well known from the previous reports of the Madras officers, that proprietary communities on the model of those in the North West prevailed in all these districts?—I think it has been ascertained by recent inquiries, I am not sure, that it was known at that time.

1118. Mr. Place reported the fact at the close of the last century, did he not?—There were reports by Mr. Place, and I believe he opposed the permanent settlement.

1119. And protests were made that you were selling the rights of the indigenous proprietors of the soil?—Yes, I think the correspondence of that period shows that some correspondence of the kind took place, but the Government of the day decided that the Government had the proprietary right in the land.

1120. At that time the Government, I think, enunciated the doctrine that the only proprietor of land in India was the State?—Yes, by one of the regulations of that day:

1121. The preamble of the Madras Regulation, 31 of 1802, is as follows: "Whereas the ruling power in the provinces now subject to the Government Fort Saint George, in conformity with the ancient usages of this country reserved to itself, and exercised the actual proprietary right of lands of every description"?—That is what I refer to.

1122. *Chairman.*] I suppose if they had written the truth in those days, they would have written that the Government never had the proprietary

Mr. *L.A.Dalyell.*

31 March 1871.

right in the soil of India?—It is difficult to say. In places where we succeeded the Mahomedan Government, it is possible that we may have had the proprietary right. The rates that they obtained from people were so heavy that there was no rent at all left, and proprietary right ceased except in the State. In such cases the proprietary right might have been vested in our early Governments in the same way.

1123. There is no evidence that they ever altered the common law of India, is there, which gave to the people of India the proprietary right?—Some of the Mahomedan lawyers have, I believe, laid it down that the land belongs to the State.

1124. Sir *C. Wingfield.*] But the power that the State possesses to fix its own demand on the land, practically puts it within its power at any moment to destroy all property in land by taking all the rent?—Yes.

1125. And the possession of private property in India, therefore, depends on the moderation of Government?—Yes; to that extent.

1126. And the Mahomedan governments who took the entire rents did practically destroy private property?—Yes; and therefore it is possible that, in those parts of the country which have been for a long time under the Mahomedan Government, the property in land had lapsed from the people to the State, because they took the rent and everything else.

1127. *Chairman.*] Is it not the case that, though the extortions of revenue by the Mahomedans were unlimited, yet they never interfered with the proprietary rights in the land, which remained as they were before, and had all the proprietary incidents of inheritance, of mortgage, and of dealings between man and man belonging to proprietors?—I should think it would be difficult now to state positively; but in certain places where the Mahomedans had established middlemen, and required these men to pay a large sum as revenue, the proprietary rights of the villagers were not properly regarded. The right to all the lands of the village was, perhaps, held by a certain number of families; but the renter of the Mahomedan government would not regard those rights at all, but would give the land to the man who would give him the largest revenue.

1128. Is there any evidence that the Mahomedans, by any act or declaration of theirs, ever destroyed the ordinary incidents of proprietary rights of the previous occupants?—There is no proclamation or anything of that kind to my knowledge.

1129. There is no record of any single State Act which repudiated the proprietary rights of the persons that they found occupying the land?—No.

1130. And, as a matter of fact, did not those proprietary rights go on uninterrupted, though subject to these extortions?—They would have gone on uninterrupted, if they had been worth maintaining.

1131. Did not the lands pass by inheritance, and were they not subject to all the incidents of proprietary rights as between man and man?—Yes.

1132. Subject to particular acts of extortion, and oppression, and violence?—Yes.

1133. In the same way they seized women, if they wished; but you would not say that humanity had been absolutely destroyed under the Mahomedan rule?—No; but in certain cases proprietary right of land might have been destroyed by such extortions.

1134. Sir *C. Wingfield.*] The Mahomedan government never repudiated the principle of private property in land, but their exactions and their oppressions frequently had the effect of destroying private property in land, by taking the whole rental as revenue?—Yes.

1135. *Chairman.*] The Mahomedans constantly destroyed private rights of all kinds by their iniquitous extortions?—Yes.

1136. Mr. *Grant Duff.*] You expect a steady increase in the Madras revenue, do you not?—I have every reason to think that the land revenue will continue to progress.

1137. Will that increase be slow?—It will be slow; in fact, I do not suppose it can be expected to be so rapid as it has been during the past 15 years.

1138. Have you any reason to expect that the cost of collection will diminish in Madras?—The per-centage of the cost of collection will diminish, no doubt, as the revenue increases; it has, in fact, diminished this very year; it has gone down to 9 per cent. in consequence of a larger revenue than that of the previous year having been collected at the same cost.

1139. Sir *C. Wingfield.*] In the southern part of Madras you found the proprietary communities existing in a very perfect state?—In Tanjore, which had not been under the Mahomedans at all, they existed in a complete form.

1140. In fact, they were identical with the constitution of the village communities in Upper India?—I believe so.

1141. And they prevailed, in a more or less perfect state, in proportion as the different portions of the provinces had been for a longer or a shorter period under Mahomedan rule?—That has always been my view.

1142. *Chairman.*] Is there any portion in the Madras Presidency that is at all abnormal in its condition at the present time, that is to say, in which the lands are not under ordinary settlements in any way?—Some portions of the unoccupied land have never been settled.

1143. I mean districts occupied by particular tribes, or under particular conditions?—No, there are no parts of the country of that character. The districts of the Western coast are in a different position from those of the rest of the Presidency, no doubt because the people there live as separate proprietors in farms, and not in village communities at all. In Malabar the people are a different class altogether from those of the east and south; you have an upper class of landowners, and a class of work-people and cultivators under them.

1144. The limits of their property are all marked by the estate, and not by the village?—Yes.

1145. Sir *C. Wingfield.*] In Malabar and Zanara the people live in detached houses and homesteads, like the little proprietors in France?—Yes.

1146. In the early part of this century, I think about the year 1812, it was resolved after the permanent settlement was discontinued, to make a village settlement in Madras?—In certain parts of Madras village leases were tried for a few years.

1147. That system broke down?—Yes.

1148. Then the opinions of Sir Thomas Munro became prevalent, and it was resolved to carry out the system he had introduced into the ceded

and conquered provinces, which you have called the ryotwaree system?—Yes.

1149. Sir Thomas Munro has been represented as having denied private property in land; but that is simply because in those ceded and conquered provinces that had been longest under the rule of the Mahomedans private property had been seriously impaired?—Yes; that may be so, but his ryotwary settlements certainly did not deny private property in land.

1150. He settled the occupant, but he denied the hereditary right of property?—Yes, he did not go far enough back, perhaps, in all cases, but he viewed the person he settled with as the proprietor.

1151. But he explains that himself, by saying that it was incompatible with the rapacious demands of the State, which is just what we were saying?—He may have done so.

1152. That system which was adopted after the failure of the village settlement, has remained in force to this day in Madras, that is to say, dealing with the individual occupant?—Yes.

1153. Whether he were previously the proprietor of the land or the tenant of the land?—That was not inquired into at the time; the man found in occupation was as a rule dealt with as the owner.

1154. In those days there was too much land for the men, and not too many occupants for the land, and the State was very glad to get any man who would engage for the vacant land?—Yes.

1155. The only difference between that system in Madras and the system in Bombay, as I understand, is not in regard to the people that you deal with, but you have not carried out that elaborate system of survey that they have?—Our revenue survey is a very elaborate one.

1156. You have only just begun it, have you not?—It has been in operation now for 15 years.

1157. It is very slow in its progress?—It is very slow in its progress in consequence of the minuteness of the details to which it goes.

1158. I understand that in the district settled in Madras, under the ryotwaree system, the State exercises no interference through its revenue officers between the man who engages with the Government for the revenue, and any person that he may sub-let the land to?—None whatever.

1159. But in the permanently settled estates you have passed a law to regulate the relations between the proprietor and the old cultivator?—To a certain extent, those relations are affected by a recent Act.

1160. When the permanent settlement was introduced into Madras you only copied the Bengal regulations; the early Madras Regulations were mere transcripts from the Bengal ones?—I believe so.

1161. And they left the question of the rights of those holding under the zemindars very vague indeed?—Yes.

1162. And a constant altercation went on, some functionaries leaning to the side of the cultivators, some to the side of the landlord, till ultimately, about six years ago, you passed a law settling the relations once for all between the proprietor, the zemindar, and the village occupants under him?—Yes.

1163. And that you consider to have been a fair compromise of contending claims?—Yes. If some proprietor's tenants have been given an absolute right of occupancy so long as they pay certain rates of rent, the proprietor himself has been given a specified interest in the waste and unoccupied lands of his estate, and neither party is any longer at the mercy of the official to whom it might fall to interpret the old conflicting laws on the subject.

1164. In using the term ryots, it is a very deceptive term, because it is applied in one part of India to designate a totally different class from another; you mean by a ryot every man who, under a ryotwaree settlement, engages with the State?—Yes; but a zemindar's tenant is also termed a ryot.

1165. That ryot may be a rich banker or may have 2,000 acres of land, or he may have only two acres of land?—Yes; I have a statement here of the numbers under each class. Of ryots paying upwards of 100 *l.* we had only 420 in 1861-62; they were reduced to 384 in 1866-67. Then, of ryots paying from 50 *l.* to 100 *l.*, we had 1,627 in 1861-62, and they were reduced to 1,550 in 1866-67.

STATEMENT furnished by the Witness.

	Number in 1861-62.	Number in 1866-67.
1. Ryots holding single leases and paying 5 *l.* and under.	1,747,398	1,785,005
2. Ryots holding single leases and paying from 5 *l.* to 25 *l.*	108,930	112,075
3. Ryots holding single leases and paying over 25 *l.*	7,688	7,611
4. Ryots holding joint leases of various amounts.	262,009	360,784
TOTAL - - -	2,126,035	2,265,485

Tuesday, 18*th April* 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Eastwick.
Mr. Beach.	Sir James Elphinstone.
Mr. Birley.	Mr. Fawcett.
Mr. Bourke.	Mr. Lyttelton.
Mr. Cave.	Mr. J. B. Smith.
Mr. Beckett Denison.	Sir David Wedderburn.
Mr. Dickinson.	Sir Charles Wingfield.
Mr. Grant Duff.	

THE RIGHT HONOURABE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. JOHN HENRY MORRIS, called in; and Examined.

Mr. *J. H. Morris.*

18 April 1871.

1166. *Chairman.*] WILL you be good enough to state what offices you have held in India?—I was Settlement Officer in the Punjaub, Magistrate and Collector of Allahabad, Settlement Commissioner of the Central Provinces, and I am Chief Commissioner of the Central Provinces now.

1167. How many years altogether have you been in India?—Twenty-three years.

1168. Will you be good enough to state when the Central Provinces were established as a separate district?—They were placed under a Chief Commissioner in 1861.

1169. Previous to that time, what had been the condition of the territory forming the Central Provinces?—Previous to 1861, the Northern Province, called the Saugor and Nerbudda territories, was held under the North West Provinces. It had been originally ceded by the Mahrattas in 1818, and subsequently held under the North Western Provinces; and the Nagpore Province was held by the Mahrattas up to 1854, when on the death of the rajah it was annexed under the orders of Lord Dalhousie, and kept under a separate Commissioner till 1861, when they were all formed together into a Chief Commissionership.

1170. Previously to 1861 the Nagpore Provinces were under the direct administration of the Government of India?—Yes, and administered by a Commissioner.

1171. Those two districts combined constitute the whole of the Central Provinces?—With the exception of Sumbhulpore, which was annexed, I think, in 1862, from Bengal (it was formerly under Bengal) and the district of Nimar was held separately under the Government of India, under a political officer.

1172. When was that acquired?—I am not sure of the date, but I think it was acquired subsequently to the Saugor and Nerbudda territories.

1173. Will you be good enough to state what arrangements have been made with regard to the several districts of the Central Provinces, for the purpose of assessing the land revenue, taking them in any convenient order that you please?—Will it be sufficient if I commence from the formation of the Central Provinces, or should I go back to the North West Provinces?

1174. Will you tell us as much as is necessary to enable us to understand what was the state of things before you made your settlement?—When the Saugor-Nerbudda territories were acquired by the North West Provinces, short term settlements were made on what were called farming leases, varying from three to five years, and ultimately a 20 years' settlement was made.

1175. Were those farming leases made with an individual for the village, or with the village in gross?—They were made with the individual. Formerly, under the Mahrattas, the villages were farmed out, sometimes to the old proprietors, or persons who had founded the villages, and sometimes to the men who were best able to pay the revenue; and on our acquiring them these farmers, or holders, received a lease of the whole village from the Government, and it was considered a farming lease; the proprietary right being declared to vest in Government, and not in the farmer; the farmer was considered only the lessee of the revenue to Government.

1176. Were the cultivators and occupants of the lands within the village regarded as owners, or in what way were they regarded?—They were considered as the tenants of the lessee; but their status depended a good deal on what their condition had been formerly. If the cultivators had been very strong formerly, then they were almost in the condition of proprietors; but if the farmer had founded, or long held the village, and had settled the cultivators in it, and regularly realised rent from them, then the position of the occupants was little better than that of tenants, whilst the farmer might be regarded as the landlord; but he nominally was only the Government lessee, and he contracted for the Government revenue for a certain number of years, and made his collections from the actual occupiers.

1177. Did the Government prescribe any rules between the lessee and the occupant, or did they not interfere between them?—At first they did not interfere at all.

1178. When

1178. When did they begin to interfere between the lessee and the occupant?—A 20 years' settlement was made in 1834, or 1836, and during the period of that settlement the North West Government began to make inquiries on grievances being brought forward by the cultivators, or tenants, and certain rules were laid down by the North West Board of Revenue to be followed in investigating these complaints, but nothing really effectual was done until the re-settlement of the Provinces, which came on in 1856.

1179. What was done then?—Then a code of rules was drawn up by the North West Government, stating the principles on which the settlement was to be made.

1180. Will you state, shortly, the purport of those rules?—This is merely with reference to the Saugor-Nerbudda territories. The first rule laid down was, that the Government would no longer be regarded as the proprietor; that any right that was considered to vest in Government was given up, and the proprietary right was to be conferred on those who could prove the best title. If the lessee, the person who had the lease from Government, could prove an old hereditary title, that his ancestors had founded the estate, or that he had received it in very bad order and had re-established it, or had caused much land to be brought under cultivation in it, or had spent large sums of money in its improvement, and had exercised considerable power over the tenants, then he was declared the absolute proprietor of the village; if he could not prove that, but still could prove that he had done a good deal for the village, and if, concomitantly with him, there were occupants who had held as long as he had held, and who had not been much interfered with by him, and who had improved their land and spent money in its improvement, and had held a position generally superior to that of ordinary cultivators, then these occupiers were declared proprietors of their several holdings; and the rest of the village, that is to say, the land held by tenants-at-will, and the uncultivated portion, was made over to the lessee, provided, as I said before, that he could prove that he had done something for the village; that he had brought it into order, and so on. But if he could not prove an old hereditary title, or that he had done much for the village, and if there were a number of cultivators in the village who had held before he got the village, or had held in a measure independently of him, or had done much for the village, or if it could be proved that the lessee had given up the village for arrears of revenue, then he was not considered to have a title to the proprietary right, but each of these cultivators was declared proprietor of his holding, and the rest of the land held by tenants-at-will, and the common land of the village, was made over to the whole of these old cultivators, who were formed into a village community.

1181. That being the state of things, were you employed to make a further settlement?—Those were the orders laid down by the North West Government; these orders were in a measure carried out up to 1857, and the measurements also were being carried on when the mutiny broke out; but not very much was done until 1861, when the provinces were formed into a chief commissionership. Then the matter was regularly taken up, and these cases were gone into by the settlement officers, the cases were decided and rights conferred.

1182. On the creation of the Central Provinces no new orders were issued?—No; simply these orders were all collected together, and published in the form of a settlement code, and we were directed to carry them out.

1183. Can you state what has been done towards the carrying out of this new settlement; has it been entirely completed in the Saugor-Nerbudda territories?—Yes; entirely completed.

1184. What has been the effect of that upon the disposition of the land; have you divested the Government of all proprietary right and possession now in those provinces?—Yes, almost entirely; there are few states remaining in which proprietary rights vest in Government, from there being no one who is considered entitled to the right.

1185. Have you, under that system, dealt with all the unoccupied land in the Saugor-Nerbudda territories?—Yes, under that rule and under another rule, by which orders were laid down by the Chief Commissioner declaring that as a general rule the whole of the waste land which had formerly been considered as nominally attached to a village was not to be given over in proprietary right to these people; that unless they could prove more than a nominal possession of these waste lands, they were to receive only as much waste land as was considered sufficient to enable them to carry on the village; a maximum being fixed of 200 per cent. of the cultivation, and all the rest was considered as waste land belonging to Government, which the Government reserves to itself, and grants out, and sells under the waste-land rules, and brings it under charge. All that is so much land to the good when Government likes to dispose of it.

1186. Can you tell us approximately how much land of that character remains available to be granted out as waste land?—There are now Government waste lands to the amount of about 15,000 square miles in the Central Provinces; I cannot tell you the amount in the Saugor-Nerbudda territories separately.

1187. A large portion of that is in the Saugor-Nerbudda territories, is it not?—A considerable portion; I should say that from about one-fifth to one-sixth of the total area is Government waste, and five-sixths is cultivated land, and land held by the proprietors of the cultivated land.

1188. Can you state to the Committee what has been the effect of this last re-settlement on the land revenue; has it increased or diminished the land revenue?—Without referring to figures I could not tell you how much it has increased in the Saugor-Nerbudda territory; certainly it has increased it, and for the whole of the Central Provinces it has increased it about 12 per cent., but the increase in the Saugor-Nerbudda territories has been chiefly confined to four districts. Two districts, Saugur and Dumoh, were notoriously over-assessed under the former settlement, and entirely broke down, and the people left the country, and there was much distress, and a considerable reduction had to be granted in those districts, so that the large enhancement which was imposed on two or three of the richest districts in the province has been brought down very much by the reduction which had to be granted in those other districts.

Mr. J. H. Morris.

18 April 1871.

1189. For what period has the re-settlement been made; is it in perpetuity?—No, for the greater portion of the Saugur-Nurbudda territory, it is for 30 years.

1190. Is that a fixed settlement for all the five-sixths in the hands of occupants and proprietors, or is there any possibility of increase during the thirty years of that portion of the land revenue?—No possibility of increase, during the currency of the settlement, except from lapses of rent, free land.

1191. That would be a recognition rather of grants that were found to exist at the occupation of the country?—Yes; there are two kinds of grants; there are perpetuity grants which are mostly religious grants in favour of temples, and endowments, and the others are grants for services, and such things, life grants. The religious grants are mostly exempted from revenue in perpetuity; the service grants are only exempted for the life of the occupant, or sometimes for two lives.

1192. And were all these grants carefully examined?—At the settlement they were; that was one of the operations of the settlement, to go carefully into the rent-free tenures, and to decide which were to be released, and which were to be resumed.

1193. Can you state the amount of grants that were recognised for exemption for ten years?—The amount for the Central Provinces altogether released is about a twelfth of the revenue.

1194. Then those lands which have limited grants will come under charge, you think, altogether in about 25 years?—Yes.

1195. Then the only increase of land revenue that can arise in the Saugur-Nurbudda territories, will be from the taking up of the waste lands, and the lapse of the grants?—Yes; unless you include anything that might accrue from the management of the forests, which is also connected with that.

1196. Is that forest question a large one?—I mean that these waste lands are now held and managed by the district officers, and there is a considerable revenue which is already realised from them, about 30,000 *l.* a year; they were withdrawn from the village areas, and were considered as Government waste lands.

1197. Are grants made by the Government of the right of cutting timber in the forests?—Yes; part of them are excluded as Government forests; and as to the rest a considerable revenue is realised from letting out the land for grazing purposes, and also from annually leasing out the right to collect miscellaneous forest produce, which brings in altogether more than 30,000 *l.* a year; and we are introducing a new system which may, I think, result in a considerable increase of revenue from that source.

1198. What is the state of the Nimar district; is it in a different condition from the Saugor-Nerbudda districts?—The conditions are pretty much the same, but the former settlement was rather different; there was a 20 years' settlement made there, I think, about 10 years ago, and that settlement still has to run, so that the re-assessment of the Nimar district was not so complete as that of the Saugor-Nurbudda territories, and the question of the tenures was more gone into than the actual Government revenue re-assessed.

1199. Is it then to be re-assessed at a future period?—The Government have ordered that the revenue, as now revised at the re-settlement, is to hold good until the expiration of the 20 years' settlement, which has been extended over part of the Nagpore Provinces. The 30 years does not extend over the whole of the Central Provinces; part is for 20 years.

1200. In other respects is the Nimar settlement just the same as the others?—Yes; the only difference was that the revision of the revenue was not so complete as in the others.

1201. Will you state what has been done with the Nagpore Province?—When we took the country from the Rajah in 1854, we found also a system of leases from Government existing there.

1202. What was called farming the revenue?—Yes; up to 1861 these leases were granted for short periods of three years.

1203. Were they granted separately for each village, or sometimes for many villages, in one farming lease?—Not unfrequently several villages were held by one man, but still there was a separate engagement for each village; I am talking of the ordinary tenures, because there were people who hold lumps of villages, but that was on a different tenure altogether.

1204. What was done by the Government of India on acquiring the province?—The Government of India determined that the same rules which had been applied to the Saugor-Narbudda territories, were also to apply to the Nagpore Province; that is to say, the proprietary right was to be thoroughly gone into, and investigated, and conferred on whoever could prove the best title under the rules which I have mentioned; and some other general rules were given, but the leading principles were the same.

1205. What progress has been made in carrying out that settlement?—It has been entirely completed.

1206. How long ago was it completed?—With regard to the last district, I think Government have not yet sanctioned the settlement; it was reported just as I was leaving, about eight months ago.

1207. You have said that about the same proportion of land was recognised in that province as belonging to some person or other, as in the other province?—Yes, 200 per cent. on the cultivation was the maximum, and all over that to which the holder could not prove an hereditary title, or complete and continuous possession, was reserved as the Government waste.

1208. That has resulted in about one-sixth being reserved to the Government?—Yes.

1209. Are these Government reserves generally wooded land, or land capable of cultivation, or hill districts that cannot be cultivated?—I should say perhaps a seventh or eighth of it consists of large forests, which have been reserved specially under the forest rules, and are Government reserved forests now.

1210. And they form part of that 40,000 *l.* a year which you have mentioned?—Yes; that is, between 7,000 *l.* and 8,000 *l.* a year is realised from the reserved forests, and some 31,500 *l.* from the Gort wastes; and I should say that a good portion of the Gort waste consists of rich culturable land.

1211. Then we may take it that there is a limit to any increase of revenue, except as this land comes under re-settlement?—Yes; no very large increase of revenue can be looked for until the next revision of settlement; though, as I said

said before, I hope to realise a considerable sum by the introduction of a new system of administering these Gort wastes.

1212. When will the re-settlement begin; about how many years hence?—It will commence about 1885, about 16 years hence. But there is one point which I should just explain. For a portion of the Nagpore Province Government decided, and also as to one or two districts of the Saugor-Nurbudda territories, that the settlement should only be for 20 years. It was considered that the province was in a transition state; and that the effect of the railways and other improvements could not be told just at present, and that a 30 years' settlement was too long; and it was therefore decided that all the districts not then settled, that is to say, four or five years ago, should be settled for 20 years instead of 30. About a fourth of the province is settled for 20 years only.

1213. A considerable portion of the land revenue will be re-assessed at the end of 15 years therefore?—Yes, about a fourth of it.

1214. Is there much property granted out in rent-free tenure in the Nagpore territories?—No, not more I think than in the other; it is about the same. I should say for the whole province it is about a twelfth.

1215. There will be no increase except by the re-settlement, or the bringing into cultivation and assessment of the waste lands?—And the lapse of these rent-free tenures which have been granted for life.

1216. Is there much disposition now to take up the waste lands in the Central Provinces?—There was at first rather a disposition; several large landholders came forward, and bought considerable portions; but the result has not been satisfactory.

1217. When you say "bought," what do you mean?—They bought it under the waste land rules. Government fixed a certain price, which was two and a half rupees an acre, for certain districts, and one and a half for other districts, which was considered the minimum. It was put up at that to auction, and if any one bid more than the man who wanted it, and he did not outbid them, they got it; if otherwise, he got it.

1218. What did they buy?—The proprietary right in the land.

1219. Free from taxation for ever?—Yes, that was the waste land rule, viz., that it should be free for ever from payment of any land tax.

1220. Mr. *Fawcett.*] They bought the freehold?—Yes, the positive freehold.

1221. *Chairman.*] People have freehold land in this country, but still they pay taxes for it?—Nor do I apprehend that the rule I refer to above would exempt them from any other than the land tax.

1222. Is there an express stipulation in the deeds that they shall never be subject to any taxation?—I think you will find in the rules promulgated by Sir Charles Wood that they were to be liable to no payment of any land revenue at all, or, in other words, that the land tax was redeemed in perpetuity; but I know of no stipulation that they shall never be subject to any taxation of any kind.

1223. Are those rules still in force?—I do not know that Government have actually rescinded them; for the Central Provinces I proposed to Government that they should be in abeyance, as I found that they were not working very satisfactorily, and they are in abeyance; no order had come from the Government when I left as to what should be done.

1224. Mr. *B. Denison.*] Do they pay road cess?—Yes, they pay road cess. But I am talking of the actual Government land revenue, as we know it in India; I am talking of the Government waste land rules for the whole of Northern India.

1225. *Chairman.*] Do you know whether those rules were made under an Act of the Legislative Council?—I could not say that.

1226. Was the question ever raised in India whether the Governor General possessed the power of doing anything of the kind?—No, I do not recollect hearing that discussed.

1227. I mean whether the Government in India, with or without the sanction of the Secretary of State, possessed the power of binding the Legislature not to levy a tax upon the land?—The rules that I am referring to were not rules of the Government of India, but orders of the Secretary of State; I do not recollect the subject having been discussed.

1228. Has much land been sold under those rules in the Central Provinces?—Yes, a considerable amount has been sold; luckily we have got some portion of it back again; the people failed to pay up their instalments, and we have got good large lumps back again; I remember some good large tracts, however, that have gone.

1229. What is the land assessment upon cultivatable land generally in the Central Provinces?—The average rate for the whole of the Central Provinces, I think, is about 1*s.* an acre; but then that includes a great deal of very poor land; part of it is uphill country, worth little or nothing; and I should say, deducting land which is hardly more than nominally cultivated, that the average rate on fairly cultivated land in the Central Provinces would be from 1*s.* 6*d.* to 2*s.* an acre.

1230. Do you mean black soil land, when you speak of fairly cultivated land?—Yes; and such land as there is in the Central Provinces.

1231. When you speak of that assessment of land actually under cultivation, is it not the practice in the Central Provinces to exhaust the soil by repeated crops, and then to let the land lie fallow?—Yes, it is partly so; and it is the practice in the Central Provinces to exhaust it, and still go on cultivating it. In the Central Provinces, in what is known as the Nerbudda Valley, you see land that looks first rate, and yet it very seldom gives more than five or sixfold of the seed on an average.

1232. Repeatedly cropped without manuring?—Yes; and the black soil is not very favourable for irrigation, it is apt to clog and get muddy, and the seed rots in it.

1233. Then there is a considerable portion of the cultivated land lying fallow always?—There is a considerable portion of it; in my statement is included all fallow land in the cultivated area.

1234. Does the tenant pay his land revenue for the year, both on the land under actual crop, and on the fallow?—Yes.

1235. Sir *C. Wingfield.*] There is a heading in your statement, "Cultivation including fallow," is there not?—Yes. There are two kinds of fallow; there is the fallow that is merely thrown out in rotation, and there is land that is regularly thrown out of cultivation for a number of years. Much of the land in India is very

Mr. J. H. Morris.

18 April 1871.

very poor, and will not bear crops for above two or three years, and then has to lie by altogether for several years. That would come under the heading of "Lately thrown out of Cultivation;" that would not be fallow land.

1236. *Chairman.*] Can you tell me what proportion the price of the land that was sold in the manner that you have stated, bore to the revenue, charged for one year upon similar land; how many years multiple it was?—In the rich districts, for instance, Hoshungabad and Nursingpore, through which the Great Indian Peninsula Railway runs, it is sold for very large sums; that has been sold, I should say, for from eight years up to 15 years' purchase, and even higher than that.

1237. It would seem also to have been sold lower?—In the hill districts, which is where the land is generally bought, because it is bought for pasturage purposes, it is not unfrequently sold at little above the minimum price fixed by Government at from 3*s.* to 5*s.* an acre.

1238. But what would have been the rate of assessment put upon that land, supposing it had been land in ordinary occupation at the time of the settlement?—With regard to the land which I am talking of, which fetched little more than the minimum price fixed by Government, I think you could hardly have put any assessment at all on that. The people already have more than they could cultivate, and it would be useless to them; they could do nothing with it, and there is no one there to take it up; so that Government would in reality, for a great number of years, until the provinces have a much denser population than now, have got nothing from the land.

1239. Except for forest or grazing purposes?—Yes, which Government now realises in the form of the forest revenue from that. What Government now realises in the form of forest revenue, I do not think would be on an average above 2*d.* or 3*d.* an acre.

1240. But what would be the motive for giving 3*s.* an acre for that land?—Because they got the proprietary right in it; then, too, they had a right of pasturing their cattle on it; many of them held large herds of cattle, and a good deal of that was purchased by Europeans who had an idea that the value of land would increase in the Central Provinces much more than it has done.

1241. It was for speculative purposes that they purchased it?—Yes; they have gone to out-of-the-way places and purchased land, and paid these small prices; but where land has lain in the midst of cultivated tracts, the villages have come forward and paid from 10 to 15 years' purchase for it, and higher still.

1242. But would they not in the same way have paid a land revenue equal to the interest of their money, if they had been allowed to take it up at that rate?—Yes; they lost it because they could not prove a sufficiently good title to have it made over to them in proprietary right; but still, as it was near to their villages, and they wished to prevent other people from getting it, they were prepared to come forward and buy it at a good price.

1243. Mr. *Fawcett.*] The freehold of that has been bought?—Yes, all on the same principle.

1244. *Chairman.*] It amounts to this then, that the Government was selling the revenue of the country at from eight to 15 years' purchase?—Yes.

1245. That, however, is not going on now, I understand?—I cannot be certain whether the Government have rescinded the rules; but I proposed myself, in the Central Provinces, that they should be in abeyance, and they were in abeyance when I left.

1246. Are there any outlying districts in the Central Provinces which do not come within the ordinary territories, and which are specially administered; for instance, wild districts?—Yes, there are 15 feudatoryships, we may call them; tracts held by semi-independent chiefs who have been given certain political powers, and who pay some nominal, and some a considerable amount of tribute to Government; but still nothing like what would be the Government revenue.

1247. You do not go behind those chiefs, but they manage their territories themselves?—They manage their territories; they have certain criminal and civil powers given them; they can imprison, and they can even pass sentence of death, subject to the confirmation of the Chief Commissioner; but their revenue power is unlimited, and we do not interfere with it so long as they pay their tribute, and no great complaint is made against them. If they are complained against, an inquiry is made, and they are warned not to offend again.

1248. Is there any considerable extent of mineral property supposed to exist under the surface, in the Central Provinces?—There is a considerable amount of coal in various portions of the province.

1249. Does the Government claim for itself all the minerals?—Yes; the Government has reserved to itself all the minerals; and it is an express stipulation in these waste land rules, and one that is thoroughly understood, that the proprietary right conferred in these waste lands does not confer a right to the minerals.

1250. In regard to the general settlement of the country, is it considered that the Government reserves to itself all rights in minerals?—Yes.

1251. Is it at present deriving any revenue from mineral rights?—There is very little at present, but I think there is likely to be a considerable revenue from the coal discoveries in the Chanda district, and various other districts. I think the future of the country with reference to minerals is very promising indeed.

1252. With regard to the townlands, are all those settled on the same principle as the agricultural lands, or does the Government make any special assessment for land occupied by houses in towns and villages?—Government has not made any special assessment, and in the Central Provinces the proprietors who hold the lease of the land in which the town is situated are not generally in the habit of realising any ground rent; but in other parts of India, in the North West Provinces, they do do so; but at the same time the Government realises from non-agriculturalists a kind of house tax, a kind of trade tax, which might perhaps be considered a recognition of the Government right. Still it is not at all a form of land revenue; it is a local tax, peculiar to the Central Provinces, called "Pandhari," not a land tax in any way.

1253. That is a kind of license tax?—Yes.

1254. That is not assessed on the value of the house

house, but on the status of the trade?—That is so; but they look on it as a kind of house tax on non-agriculturalists.

1255. There is no land revenue on sites of houses or curtilages?—All gardens, and so on, are assessed, and that comes under the land revenue; all land cultivated is assessed; but waste land and land on which buildings are, is not assessed.

1256. Sir *C. Wingfield.*] You recollect, no doubt, that by Lord Canning's rules about the sale of waste lands, the lands were sold at a fixed price per acre?—I thought that the minimum was fixed.

1257. Lord Canning allowed the land to be sold to anyone who chose to buy it at a fixed price per acre; but before those rules had been long in operation, Sir Charles Wood rescinded them, and ordered it to be sold by auction; but as to the waste land that you speak of as having been sold, was that sold by auction?—Yes, all by auction. Lord Canning's rules were never applied to the Central Provinces, so far as I know; they were rescinded long before I went there. For the Central Provinces the same rate was fixed, namely, 5 *s.* an acre; but it was considered that the Hill districts were so poor that they never would realise the 5 *s.*, and in those days the permanent settlement was looked on with favour, and therefore the price was reduced from 5 *s.* to 3 *s.* for certain districts.

1258. You consider the assessment in the Central Provinces light?—I do not consider it too light at all; and I think I am prepared to show that it is not too light, because, although the rate may be very light, still the enhancement has been something enormous. In many estates in the Central Provinces we have doubled and trebled the revenue; but the reason why the rate continues so low, and the enhancement over the whole province does not exceed 12½ per cent. is, that the whole of the Central Provinces formerly were not lightly assessed, portions of them, the Saugor and Dumoh districts, were very much over-assessed; other districts were highly assessed, and only certain portions were lightly assessed. My experience is that you cannot double, or treble, or quadruple a man's taxation all at once; that if a man has been accustomed to live on a certain income for a certain number of years, you cannot halve that all at once; his marriage expenses and so on are regulated according to his income, and although he may be a man who ought not to be receiving more than a certain income a year, and may be getting double what his neighbour does, you cannot go and reduce him at once a half, and bring him down to his neighbour, or you bring him to ruin; and therefore the result was, that although we imposed a very large enhancement in particular cases, we were not able to bring the average beyond the point which I have stated. But there is not the slightest doubt, I think, that in the next settlement there will be a very large enhancement of the revenue in the Central Provinces. Another reason is this: that when the settlement was made, the effect of opening up railways and other communications in the Central Provinces was not known and felt, it was uncertain what the effect of opening them up would be on prices; and even now I am not certain that the prices in the Central Provinces can be considered as permanent at all; the railways affect only certain districts through which they pass, or near which they pass, and eventually districts much further off will send their grain to the railway. Therefore I think that we are justified in not reckoning on the continuance of the high prices which we now realise.

1259. But I mean that, comparing the assessment as it falls on the cultivated land in the Central Provinces with the rate per acre in the North Western Provinces and Oude, it appears light?—It is very light, looking at it in that way, I am quite willing to admit; but then, first of all, at least half or two-thirds of the land in the Central Provinces is very poor indeed, the cultivation being next to nominal; and as to a great portion of what looks very good, our settlement officers went carefully into the question, and found that it did not realise in an ordinary year more than five or sixfold; you cannot realise a high revenue from that.

1260. *Chairman.*] That arises from the want of proper cultivation, does it not?—Yes; our cultivators in the Central Provinces cannot be compared with those of Oude or the North West Provinces.

1261. Can you tell the Committee what is the yield of the soil which now produces sixfold, when it is really well cultivated?—There is one of the settlement officer's reports, the Hoshungabad Settlement Report, which describes certain experiments, and shows that the yield went up to 25 and 30-fold; certainly I think the produce might be trebled, and quadrupled, if the land were properly manured, and so on.

1262. Sir *C. Wingfield.*] But in many districts of the Central Provinces the population is very sparse is it not?—Yes; even in the very richest district of the Central Provinces, viz., Nagpore, the number of inhabitants to the square mile, taking large cities and everything into calculation, is only 172. Now, in the North Western Provinces you go up to 400 or 500 to a square mile; in the Mundla district it is 43 to the square mile.

1263. Is the railway completed from Jubbulpore to Nagpore?—No; there is no railway projected there.

1264. Mr. *Bourke.*] As regards the rules that you have spoken of, under what rules did you carry out the settlement with which you have been connected?—For the Saugor and Nerbudda territories, under the rules promulgated by the North West Board of Revenue, and for the Nagpore Province, under the rules promulgated by the Government of India, which were in a great measure confirmatory of those of the North West. They were the North West rules made applicable to the Nagpore Province.

1265. Were those rules framed by the Government of India, or were they framed by the Government at home?—They were framed by the Government of India as far as I know; they probably were reported to the Court of Directors; but I really cannot say.

1266. Now, under the Mahrattas the individuals had no proprietary rights in the land at all, had they?—Well, it is the fashion to say that they had no proprietary right. My idea is that they had nearly as strong a right under the Mahrattas as any other form of native government. The Mahrattas, as rulers, looked very closely after the administration of the revenue, and consequently under them the rights of landholders and all other occupiers of land may have been

Mr. *J. H. Morris.*

18 April 1871.

been very much over-ridden; but still I consider that the right did exist in some form or another.

1267. Then it is not correct to say that the Government of India, under the old rules, always had the proprietary right?—No; nominally the proprietary right vested in Government, and all the Government did was to say, the right shall no longer vest in us nominally; we will give it over to those to whom it really belongs, and who we think have the best title.

1268. Are the proprietary rights in the waste lands sold in the same way as of the other lands which have been settled?—Yes; proprietary right and everything is sold just in the same way, including the revenue right, as regards the Government demand.

1269. Has the produce of the countries through which the railways run very much increased in price since the railways have been made?—Very much in the Nerbudda Valley. But I think, as I was saying just now, that the great rise in price cannot be considered permanent. I think that as the country further off comes under the influence of the railway, more grain will come to the railways, and the price will be lowered at the railway itself; still there is a very great increase.

1270. Has the question ever been raised of taxing these districts locally, in consequence of the rise in the price of produce in the district through which the railway passes?—It has not been raised exactly in that form: but I submitted a proposal for a railway to a very out of the way part of the country in the Central Provinces about a year ago, and in making that proposal I suggested to the Government that the guaranteed interest should be provided for by a local tax, to be imposed on the district which would be directly and immediately benefited by the construction of the railway.

1271. Supposing that was carried out; would that be looked upon at all as a breach of faith between the Government and the people with whom you have made the settlement?—I have heard it stated that it would be, but I do not think that it would be if you could show that these people directly benefited by the introduction of a railway which did not exist, and was not taken into calculation when the settlement was made with them.

1272. Was there any reservation made at the time of the general settlement at all as to immunity from other taxation, or special taxation, on the land?—Not that I know of; the reservation was, as regards the land revenue, that the land revenue should be paid for a certain number of years. I do not know what the people may understand, but there was no reservation that they should not be taxed in a way which could be considered as not land revenue. For instance, we in the Central Provinces get two per cent. road cess instead of one, as at the former settlement, and we get two per cent. educational cess instead of one; and I think in exactly the same way, if you could prove that there was any direct and immediate benefit to these people from any work undertaken by Government, Government might fairly look to a return from them.

1273. You do not think that there would be anything unjust in imposing a tax for the purpose of paying the interest of a loan for such objects?—I do not think so; I proposed that this should be done with respect to that railway to which I have referred; I do not know what orders Government have passed on it, but I proposed that in that instance that should be the way in which a portion of the interest should be paid till the railway paid for itself.

1274. Mr. *B. Denison.*] You have stated that if the cultivation improved in the Central Provinces in many parts, the produce of the land would be very largely increased; the land revenue settlement was, I presume, based upon the actual produce at the time the settlement was made?—It was based upon the actual produce, on what we considered the land capable of producing at the time the settlement was made.

1275. On what it actually did produce?—Yes.

1276. It was not made with reference to any probability of improvement by improved cultivation?—It was considered that to get improved cultivation you would have to spend a considerable amount of capital, and that the people were to get the benefit of that capital during the term of the settlement.

1277. The settlement was in fact made on the basis of the actual produce?—Yes.

1278. Would the enhancement of the produce arising from better cultivation more than represent the fair return on the capital necessary to produce that better cultivation?—Yes, and in certain parts of India the return would be large, and the original outlay repaid in the course of a few years. But in the Central Provinces it would be a slow process; because, in addition to the necessity of expending capital, the population is so very sparse that you would have to bring in more cultivators to do much good.

1279. Then your prospective increase of revenue on a re-settlement is to be looked for from what?—It is to be looked for more from rise in prices, and from extension of cultivation, I think, than from any very great or sudden increase in the produce of the land, except in one or two ways. I think if you could introduce large irrigation works, or anything of that kind, then you might look for a very large extension of the produce; but I think that as regards such extension as lies within the means of ordinary landholders, the expenditure of the capital to produce that would not be more than repaid by any extra produce during the term of a long term settlement.

1280. On a re-settlement when the present settlement expires, would it be fair to raise your assessment with reference to the then produce arising from good cultivation, and the outlay of capital?—Yes; because I think that what they would have obtained during these long term settlements would have repaid them.

1281. Then that shows that the return for this outlay is very much more than the mere interest on the capital?—It is more certainly. I thought you meant that the return during the term of the settlement would be very much more than the interest and capital (that is original outlay) combined.

1282. Do you consider it just towards the cultivator, when the re-settlement takes place, that you should raise your revenue, because he has improved the value of his land, by his labour, and by his capital?—If the increase in the produce is more than repays the value of his labour, and the value of his capital, then I think it is fair to impose a moderate enhancement.

1283. Then of course there is not any inducement for him to lay out capital when the Government

ment is to have a share in the return?—But there would be an inducement if he could reap the entire benefit for 20 to 30 years without paying for it, which is the reason why we make a long term settlement, and on the expiration of the settlement, why a fair share in the return was claimed by Government.

1284. Mr. *Beach.*] You stated, I think, that the inferior land in the Central Provinces was generally very badly cultivated; is the more fertile portion of the land better cultivated generally?—It is better cultivated, but still the best cultivated land in the Central Provinces is poorly cultivated, as compared with good land in other parts of India.

1285. Do you find that in the case of longer leases, such as 30 years, it is better cultivated than under a 20 years' lease, for instance?—I do not think that the difference between a 20 and a 30 years' lease would be much in that respect; but I think that the people would be prepared to improve their land more under a long term settlement, such as 20 years, than under a five years' settlement. There is a system of irrigation in the Central Provinces by embanking their fields; it costs money to do this, and under the short term settlements they had not done it, but no sooner was the long term settlement made than a great many of them embanked their fields.

1286. Where the land revenue has been ceded altogether, do you find that that land is better cultivated?—Land of that kind, in the Central Provinces, has been too lately ceded, and is, generally speaking, such poor land that really, I think, there has been little or nothing done to it hitherto. It is only within the last few years that they have ever had it.

1287. Do you think that it would be proper for the Government to undertake works of irrigation?—Certainly, I think so; but I do not think that in the Central Provinces anything but a large and comprehensive work would be much good. There is a work proposed, but the last estimate brings it up to above a million, and that is the only work that I can see likely to repay the capital. That would give a return of about 7 per cent. I do not think that others of a smaller character would repay more than 3 or 4 per cent.

1288. You stated that a road cess, and an educational cess, were paid; would an additional cess for works of irrigation be considered unjust?—No, certainly not; it would increase the produce of the land so much that, I think, they could pay it out of the increased productive power of the land. In fact, in this large scheme of ours, that is how we propose to repay the interest on the capital which the Government would advance, by an enhanced cess, under the name of a water rate, which would vary with the different crops grown on the land which was irrigated.

1289. Would that have a good influence also on the inferior portions of the soil?—Yes; very often it would not do so much for the rich portions of the soil as for the inferior; much of the inferior would, with water applied to it, give a good crop, which now gives next to nothing.

1290. It is not from the intrinsic nature of the soil, but from the want of water that it is poor?—Yes, in some cases; in others it is from the intrinsic nature of the soil.

1291. Sir *J. Elphinstone.*] With regard to the land lying fallow (by that I mean dry land), has there been any means taken by Government to ascertain what is the best process of bringing it into a state of fertility, and a proper rotation of crops?—Experiments have been made by Government officers, but I do not know that there has been any scheme by Government at all for doing much at present, except that we have been trying, in the Central Provinces, a small scheme, which I introduced with the sanction of Government, for trying to increase the productive power of the land, with reference to the growth of cotton. We have been introducing there a small irrigation scheme to try the effect of irrigation and manure combined, with regard to cotton. Hitherto we had found that the two had not been employed together sufficiently, and the combined effect had not been thoroughly tried; and I got up a small project before I left India to try this scheme to which I allude; but I am sorry to say that it has been reported to me, that the floods were so great this year that they washed away a part of the embankment, and the scheme in consequence partly failed. The Cotton Commissioner and his assistants do also something in that way.

1292. There is no department of analytic chemistry to ascertain the nature of the soils, and the manure required to bring them into a good state of production?—No. In the Bombay Presidency there is a department which ascertains the quality of the soil at the time of the settlement.

1293. It does not extend to an analytic department?—No.

1294. I speak from my own knowledge of Ceylon, where all the soils have been analysed with the greatest effect; you are aware also that there are certain model farms in Kandiash, and near Madras; are you of opinion that those model farms are a benefit to the country?—Yes, a great benefit; I do not think we can look to any immediate result; I think it will take a long time before we can get these people to take up our improvements, or even to think that they are improvements.

1295. But admitting that they will not take them up so rapidly, probably, as they would in this country, is it not a matter of very great importance that in each district, or in many districts, there should be established a model farm, not for the purpose of cultivating exotic productions, but for the improved cultivation of the native productions?—Yes, certainly; at the same time I think that a model farm introduced into each district would cost a great deal of money, and the effect would not be immediate, so that the outlay would be considerable at first, without any ostensible return to show for it.

1296. Are you aware that the result of the model farm at Madras has been to establish in many places the cultivation of the gram, as a green crop, with the greatest possible advantage?—Yes.

1297. And also that a simple multiplying wheel which has been established there, has been adopted in very many cases in the Madras Presidency, which raises the water tenfold more than the ordinary wheel?—Yes, I have heard of that; and there is no doubt that ultimately the effects would be very great, and a great material benefit would result; but I think it would be a work of time, and I think that the attention of the Government and the Government officers

Mr. *J. H. Marris.*

18 April 1871.

should be towards improving what we find in use amongst the people, the natural products of the country, and not towards introducing exotics; that is what leads people away; they say, we want something that will be of real use to us; for instance, show us a mode of cultivation which, instead of five-fold of wheat, will bring us ten-fold or fifteen-fold.

1298. I refer to the introduction of Carolina rice, and different sorts of Indian corn; I gather from your remarks that you approve of those efforts for improved cultivation?—Yes.

1299. In the course of an irrigation work, or a road, or a railroad, which you proposed to carry into a distant part of the country, would it be possible for the collector or the leading man in the country to come to a local negotiation with the people, by which they would bind themselves to find the interest of the money, or to repay the capital within a certain number of years, at a certain rate; do you think that that could be done by private negotiation in the different districts?—Something might certainly be done, and it would be most desirable to lead the people along with one in matters of this kind. I do not know how it might be in more intelligent parts of India; I do not think that in the Central Provinces anything that the collectors might do in regard to the realisation of money from them would be looked upon as anything else than a Government order. Even in the more intelligent parts of India I think it would not be easy to get people to agree to it by any mutual arrangement. At the same time I think the Government could easily convince them that they were bound to repay them when they brought them any material improvement.

1300. Prices have risen very much, have they not, since the mutiny?—Yes; in the Central Provinces it is not so much since the mutiny, as since communications have been more opened up, and the country has been more looked after; it is more since 1861 and 1862.

1301. But is there not a tendency all over the country, even in those parts where there is not a railway, to a rise in wages and in the price of commodities?—There is such a tendency, but I should hardly like to say that the effect of the railways and so on does not extend to them; it is difficult to say how far they do extend.

1302. I find, from a paper which I have here of the average cost of rations per man per month in the Presidency of Madras, that in some of the districts which are at a remote distance from railways, the increase has been the greatest?—Then probably there would be some local causes which will explain that circumstance.

1303. The average price of a soldier's rations at Masulipatam and Vizagapatam, which no railway touches, in 1857 was *Rs.* 8. 4. 8., and in 1869 it was *Rs.* 13. 11. 5.?—I think that in whatever part of the Central Provinces there has been a great rise in prices, I could generally explain the cause to be, either the opening out of communications, or something of that kind. With regard to Masulipatam, that is where the Godavery Delta irrigation scheme is; or the grain may be exported to other parts of the country where it was not before; but my local knowledge does not extend there.

1304. Mr. *Fawcett.*] You have alluded to the sale of waste lands which has gone on in the Central Provinces, and in other parts of India; in what way is the money that those sales realise appropriated?—Under the orders of Sir Charles Wood, I think, it is funded.

1305. But in the accounts of every year that I have looked into, the sale of waste land is put down as a portion of the revenue; it is either expressly stated as one of the items, or it is put down amongst the miscellaneous receipts; are you quite certain that the proceeds of these sales have not been appropriated to revenue?—I cannot say. I only know the order of Government that the proceeds of the sales were to be funded, but whether that order has been carried out I cannot say.

1306. Do you know anything of the system affecting the land revenue system of India, known as the sale of the khas mehalas?—I think that the khas mehalas are the estates in which the proprietary rights have lapsed to Government through some cause or other, through arrears of revenue, or from various reasons, and the Government has become the proprietor of the land.

1307. Mr. *B. Denison.*] What does khas mehal mean?—I think it means simply an estate of which Government is the proprietor; and in the sale of these Government has sold it by auction to whoever would pay the highest price for it. I do not know whether this sale carries the permanent settlement with it, or only a settlement for a term of years.

1308. Mr. *Fawcett.*] There has been a very considerable sale of these khas mehalas, has there not?—I cannot say, as there are no khas mehals in the Central Provinces. There have been a few estates in which the proprietary right was not considered to vest in any individual, because nobody could make good his title. There were also some cases in which the proprietor had become a rebel, and the right had been confiscated. These became Government estates and were put up to auction.

1309. According to your definition of these khas mehals and waste lands, if the proceeds of these sales are put down to revenue, and not funded, you would say that it is an improper appropriation of money, would you not?—I should say it was, certainly, as to those Government waste lands sold under the rules of Sir Charles Wood, but I do not know that the khas mehals are so sold.

1310. I understand you to define a khas mehal as being an estate of which the Government is proprietor; if they sell those estates, and appropriate the proceeds as revenue, are they not appropriating that as revenue which ought to be treated as capital?—There is the proprietary right in the land, which Government may hold in the same manner as any private individual, and there is the right to realise the revenue, which appertains only to the State. If the Government sells only its proprietary right, I think Government may do what it likes with the money; but if it sells the right to realise the revenue, I think that should be funded according to the rules.

1311. Mr. *Grant Duff.*] There are no khas mehals, I think, in the Central Provinces?—No khas mehals, under that name.

1312. Mr. *Fawcett.*] As far as I understand you, the same thing has taken place on a small scale in your provinces; the Government has sold the proprietary rights over certain estates?—Certainly it has sold its proprietary right in these waste lands, and also it sells its right to the revenue.

1313. It has not sold its proprietary right in any

any other lands except waste lands?—Yes, it has sold it in those cases where the proprietary rights have been confiscated and lapsed to Government.

1314. If it has sold that proprietary right, is not that property which may yield an annual income?—Yes; but it is not the property that the Government holds generally in the country.

1315. But is not the proprietary right in the soil a form of property from which the Government can obtain an annual income?—It is worth something, I suppose.

1316. If it were not worth something, why should anyone buy it?—Just so.

1317. If that is the case, ought not the proceeds of such a sale be devoted as capital, and not as income?—That is a question of general principle which it is for the Government to decide, I think, more than for me.

1318. I want to put it to you as a matter of finance; these proprietary rights, as far as I understand, are worth something; they yield an annual income; if they were not worth anything they could not be sold; they are sold, and when they are sold the Government loses that source of annual income?—The proprietary right is not generally the source of annual income to the Government; it does not take its revenue as proprietor of the land; it realises its revenue a the State.

1319. But I understood you to say that it derived its property from two sources, partly from the revenue, and partly from these rights which you describe as proprietary rights?—But these are rights which have only lapsed to Government, in certain rare instances, from certain causes; the proprietary right in the soil is a private right; these rights lapsed to Government through some reason or other, but that is different from the State right to the revenue.

1320. Still if these private rights which have lapsed had not been sold, they would have been a source of annual income?—They would have been no more a source of annual income to Government than rights in houses, or any other private property, of which Government might become possessed. I do not see that it makes any great difference as regards the mode in which they have been disposed of by Government, provided they were merely private rights.

1321. But the Government, instead of selling these proprietary rights, could have let them?—Yes, the Government, as the proprietor, is entitled to the rent, and therefore, as landlord, must have let them.

1322. They have sold this rent, and they have not capitalised it, but have devoted it to income?—I cannot say whether they have; but, if I understand the waste land rules rightly, it was the revenue that was to be capitalised, not the rent.

1323. If they have done so, you having been concerned in the finance of India, do not you think that would really be using capital as income?—I do not see that it would be using it so any more than if they were selling any other private right that Government might be in possession of. In these very rights in the waste land, Government sells the proprietary right, and also the right to collect the revenue, and it binds itself never to impose any revenue on this land. In the case of estates which have lapsed to Government, Government merely sells the proprietary right, and does not bind itself in any way not to realise any revenue; it realises the revenue all the same as the State. And my idea is, that where the Government sells its right to realise revenue, then that is funded under Sir Charles Wood's rules; but where it merely sells the proprietary right and still reserves the right to take the revenue, that is differently treated.

1324. You stated that the assessment was light in the Central Provinces as compared with Oude; are we to understand from that that it is not light so far as the cultivators are concerned; that it is not lighter in the Central Provinces as compared with Oude, considering the character of the soil?—The soil is poor and not so richly cultivated, and consequently the produce is less, and therefore the assessment is less, but I think that the cultivators in the Central Provinces are no better off than the cultivators in Oude; relatively to the cultivators, I do not think that the assessment is any lighter in the Central Provinces.

1325. I am right in concluding from your evidence, am I not, that under the settlement, until there is another settlement, the revenue will not considerably increase?—It will not considerably increase till the present settlement lapses, that is from 15 to 25 years hence.

1326. And at that time the increase which you suppose will take place, will be due to a great extent to an increase of prices?—Greatly due to an increase of prices, but still I hope there will be to a very considerable extent an increase of cultivation; and I think if the improvements are carried out there will be an increase in produce.

1327. But so far as it depends on the increase of prices, the Government is not better off, is it, because the expenses of Government increase at the same time?—I do not think that the expenses of Government increase in anything like a proportion to the rise of prices; they have not hitherto done so.

1328. They have increased very considerably, have they not?—They have increased very considerably, but nothing in proportion to the rise of prices.

1329. The general expenses of the Government have increased from 30 to 40 per cent., have they not?—They have increased considerably, but it is more from the introduction of general improvements, and so on, than from raising the salaries or anything of that kind; it is more generally than specially that they have increased.

1330. In reply to an honourable Member you said that if there were a new settlement, the Government would base that settlement not only on the prices of the produce then raised, but also upon the state in which the land was at the actual time, whether it was made productive through the skill and capital of the cultivator or not?—In a measure it would; of course it would depend on the judgment of the settlement officer, if he thought that the productive power of the land had been increased by capital expended by the proprietor, which had not been fully repaid to him, then the settlement officer would make all due allowance for that.

1331. If that is the case, will it not be a great inducement to the cultivator to let the land fall back during the last two or three years?—They do do that, and we provide against that. The annual village papers, which are given in

Mr. *J. H. Morris.*

18 April 1871.

year by year for the whole term of the settlement, show us pretty much what the village has yielded every year, and it is more on those returns that the re-assessment would be made than on the returns of the last year or two.

1332. Is not the increase of prices, which you have alluded to, partly due not only to the increased means of communication, but also to the immense importation of silver?—I should say it would be difficult to state what the importation of silver has been.

1333. You have not considered that?—I have not considered it sufficiently to give an opinion.

1334. There is a considerable amount of surplus agricultural produce in the Central Provinces with which you are acquainted, which is exported, is there not?—Yes.

1335. What does that consist of?—Wheat, rice, cotton, and millet.

1336. Staple articles of food?—Yes.

1337. What do the people receive in exchange for those useful commodities which they export; are they paid for in silver, or do they receive other useful commodities?—They are paid partly in silver and partly in other commodities.

1338. What other commodities?—There is a very large trade in piece goods and hardware; a considerable amount of salt is imported into the country, and some sugar. Those are the chief articles of trade.

1339. Could you form any estimate of how much of the exports which are sent out of the Central Provinces are paid for by silver?—No, I could not.

1340. You have stated that the irrigation works which you propose would not be highly remunerative to the Government, according to the estimate?—With the exception of one, a very large one, which has lately been submitted to Government, that will yield an estimated return of $7\frac{1}{4}$ per cent. on a capital of above a million.

1341. What is the name of that?—It is called the Kanhan project.

1342. The interest on that expenditure would be obtained by the irrigation cess?—Yes, by the increased produce of the land, and the water rate paid, the Government would be entitled to a certain share of the extra amount produced.

1343. From your experience are these estimates generally to be relied on?—This may be, I think, for we have done our best to keep it as low as possible; the officer who estimated it for me is a very experienced officer, and was careful to go much lower than anybody had ever gone before, so that I really think if Government are prepared to spend such an amount on the scheme, it is likely to pay. It is a reservoir formed about 20 miles above Nagpore, and the canal will extend through the valleys of the Wurdah and the Weigunga.

1344. Mr. *J. B. Smith.*] Your assessment was begun about how many years ago?—With the exception of Nimar the assessment commenced in 1863, about eight years ago, that is the 30 years' settlement.

1345. We will suppose that at the end of 20 years, from the commencement of the assessment, the land in a certain portion which we have just come to, is very much increased in value in consequence of roads and irrigation; in what manner would that be assessed; would it be assessed on the same principle as it was at the beginning?—It would be assessed on the same principle, but the amount would be very much larger, because the amount of produce would be so much larger. The principle that we go on is that the Government is entitled to half the net profit, so that the object of the settlement officer is to find out what the rent of a certain tract of country is, and then having ascertained that, he takes half of the net profit. It would be assessed at a higher rate, according to the increased productive power of the land.

1346. Are there improvements making, and railways making through the lands, or in the neighbourhood of the lands that have been sold as you state, not liable to taxes, or on the understanding that no taxes shall be paid?—I say not liable to the land revenue.

1347. Even if the value of the produce of those lands has been very much increased in consequence of such improvements, the Government has no right to make any charge?—No any charge in the form of land revenue; they preclude themselves from doing it by selling the freehold right.

1348. Do you think that under the engagement with the Government, the Government could make a local charge upon them for roads?—Yes; I think they could, provided there was a direct and immediate benefit conferred. If you could prove that there was a road made through their country by which they directly benefited for instance if there was a tract of country which was previously entirely locked up, and Government made a road by which they could get rid of their surplus crops, they would be able to make them pay for that.

1349. You are aware that that right of Government is denied in Bengal?—I am.

1350. Why do you think it will be acceded to in the Central Provinces?—There might be objections, but I think it is just, and that the people could be persuaded what it was that the Government had given up.

1351. If it would be just in the one case would it not be just in the other?—Yes, and see no reason why they should not, in Bengal pay a road cess as much as any other part of India.

1352. Have any rates been made on those lands of which the Government have sold the proprietary right in the Central Provinces?—They pay the road cess in addition.

1353. But has it been levied in any case?—The road cess is not levied only where the amount of the land is very small; but where the amount of the land is such that the computed value would be of a certain amount of money, it is paid as road cess.

1354. But is it paid on that land?—Yes, it is exactly the same as rent-free tenures; they do not pay the Government revenue, but they pay the road cess and the education cess, and in the same way with regard to the feudatories, they pay the road cess.

1355. Did I rightly understand you to say that sales of that character are still made by the Government?—They were made until last year but last year I wrote to the Government, and suggested that the rules should be in abeyance and they were in abeyance when I left; but the order of the Government had not been received when I left, and I cannot say what has been done since.

1356. Mr. *Lyttelton:*] We have not heard anything

anything of the method of collection in the Central Provinces; is it similar to the rest of India?—Similar to that in the Punjaub and the North West Provinces; the landlords pay the revenue into the nearest Government treasury; they collect their rents from their cultivators, and pay it in in a lump sum.

1357. The settlement is invariably with the landlord?—Yes, ours is a landlord or village settlement, as contradistinguished from the occupiers' or field settlement of Bombay and Madras.

1358. It is not made with village communities?—Where the village communities are considered the proprietors, it is made with them; but they have a representative who pays it into the Government treasury.

1359. Can you tell us what the expense of collection is relatively to the total amount received?—The gross receipts for the last year given were 591,490*l.*, and the charges of collection 71,530*l.*, for the whole of the Central Provinces.

1360. Is it your opinion that the charges of collection cannot be diminished?—I do not think they could be much; they are not high at all.

1361. Mr. *Beckett Denison.*] Revenue survey and settlement charges are given as 26,000*l.*, making a total of 97,000*l.*?—The settlement for 1869-70 was hardly anything. The professional survey is separate, but that is merely temporary, it would only last two or three years more at most. When I speak of cost of collection there is half of the revenue officers' salaries and so on debited to that.

1362. Mr. *Lyttelton.*] How are arrears of revenue recovered in the Central Provinces?—They are recovered first of all by processes being served, and if they do not pay up then, by distraint of personal property; if that is not sufficient to realise it, by the imprisonment of the defaulter, and by the sale of the estate ultimately; but distraint of the personal property is generally found quite sufficient.

1363. Does that happen often?—Very seldom, the balances in the Central Provinces are very trifling, and vary from about a quarter to a third per cent. in the year.

1364. I suppose we may take that as showing conclusively that the settlement is very moderate?—Certainly.

1365. You do not find that the proprietors are so attached to their proprietory rights in the land, that they were willing to pay an extremely heavy tax for them?—No, they will not. Hitherto the proprietory right was considered to vest in Government, and perhaps many of them are apt to sell away their property without knowing what they are doing, and after two or three years they are very anxious to get it back again.

1366. Are transfers of land frequent then?—Not frequent by any means, but we have had two or three famines in the Central Provinces, and the very poor proprietors have sold their rights.

1367. There is no difficulty, or expense attendant on the transfer of land?—No; very little; the realisation of the revenue is very easy indeed in the Central Provinces.

1368. Mr. *Eastwick.*] I think you said that Government were justified in imposing a cess for roads, and for education, on the cultivators after the settlement had been made for 20 or 30 years?—Yes; provided there was some direct and immediate benefit to them not shared in by the other districts.

1369. And who is to be the judge of that direct benefit?—The Government itself, and of course the people would be able to represent their views in the matter; they would represent them in conjunction with the Government officer, and if they could show that the benefit to them would not be so direct or immediate, as what it was supposed to be, their views would be listened to.

1370. But in the case of the cultivators representing that they did not derive any benefit from a road or railroad, and in fact declining to pay, what would be done; would they levy the money by distraint?—Yes; but to do that I think the Government would have to pass an act specially empowering the head of the Government, the Chief Commissioner, or the Lieutenant Governor, to realise a certain rate for such-and-such a purpose.

1371. But they would overrule the representation or the remonstrance?—Yes, if they thought it groundless, but not otherwise, and I think that in cases of that kind the people would be certain of justice at the hands of their own local officer.

1372. Have you ever heard of an instance of remonstrance against the cess?—No, because it is quite a new principle that we are attempting to introduce. I have myself been proposing it to Government for this Ryepore Railway.

1373. In the case of this great scheme, the Kanhan scheme, is it proposed to levy a cess there?—Yes; it is proposed to realise the canal revenue in the form of a water rate, which is assessed on the land which benefits from the water. An Act would be passed empowering the local government to realise such-and-such a rate; but then in a case of that kind, if the people refused to take the water, Government would not take the rate from them. It was proposed in India that they should be actually forced in the matter, and that if they did not take the water they should still have to pay; but I am hardly prepared to go that length.

1374. There have been difficulties of that character in Orissa, and some other places, have there not?—Yes; but I think that those who take the water would be seen to get such an enormous benefit that the others would only be too glad to take it.

1375. There are very extensive schemes for railroads, are there not, to connect Nagpore with Hingunghat and the Godavery, and also to run out in the direction of the Mahanuddy?—Yes; the one in the direction of Hingunghat and the Godavery is more for a mineral railway than otherwise.

1376. If these schemes were carried out they would much develope the resources of the country, would they not?—The Ryepore Railway would certainly. The Chanda Railway would do a great deal of good to cotton.

1377. In that case would you be able to raise a tribute from the feudatories at all?—I propose it in the case of the Ryepore Railway, because some of the feudatories would directly and immediately benefit.

1378. I do not think that you have stated on what principle the amount of tribute was resettled with the feudatories?—The tribute of each feudatory was settled separately, according

Mr. J. H. Morris.

18 April 1871.

to his past condition, and his status, and the terms on which he had hitherto held from Government.

1379. You could not at all say what percentage it was of his revenue?—No, it differed immensely. I have a table here which would show it in the case of each one.

1380. Will you mention one or two as examples?—There are 15 feudatories. There is Bustar, he pays a twelfth of his supposed revenue; he lives in an exceedingly wild part of the country, and Government has interfered with him very little indeed; he is an old established feudatory, and the Government have satisfied themselves with a small tribute from him. Then there is Sonepore, he pays 500 *l.* out of a gross revenue of 1,800 *l.* So that you see it varies a great deal.

1381. In point of fact, it is a light tax upon them?—It is in many instances a mere quit-rent, and in almost all cases it is very much lighter than the land-tax. I laid down the principle to the settlement officers, which was that where it was not a merely nominal quit-rent, it should vary from a fourth to two-thirds of the Government revenue; if the Government revenue would have been 100 *l.*, that the assessment on the individual would be from 25 *l.* to 75 *l.*, according to his former status.

1382. Whereas we take half of the net profits from our own people, we take very much less in the case of the tributaries?—Yes.

1383. In point of fact are these feudatory estates better cultivated than those of our own people?—No. I should say in the Central Provinces, as a rule, they are not so well cultivated; they are very poor and backward; but that is as much arising from the nature and condition of the country as from anything else.

1384. What I wanted to get at is an argument to see whether, supposing a man was a freehold proprietor altogether, it would be likely that he would cultivate his estates very much better than one paying Government revenue; it goes a little in that direction, does it not, because if a man is very lightly assessed you would expect him to cultivate better than a man very heavily assessed?—I think so; but I think with regard to the native population in India, that they rather require the spur of a fair taxation very often to make them bring the land into fair cultivation, or they are apt to content themselves with just living.

1385. In the case of a proprietor of a village, who is the representative, is it the petale?—That is the Bombay term, used for a man who is the Government collector of the revenue; the proprietary right in the Bombay Presidency, if I understand rightly, vests in the occupiers, and they have over them a person who realises the revenue, and pays it to Government. With us it is not so; the village community, or the holders of the land, are the proprietors, and if they like they can choose one amongst themselves to represent them, and this is sanctioned by the Government, and he is considered as the village representative. In many cases instead of being elected by the community, he holds the position hereditarily.

1386. Does he get any fee?—He generally gets a fee of 5 per cent. on the Government revenue paid by the proprietary body. In the Punjaub I think the village expenses used to be separately provided for; but certainly with us he pays everything out of his per-centage.

1387. Do you know if any margin is left?—A considerable one, because it is a post very much sought after; the new tenants all come to him, and he has a number of other fees which he gets on marriages and other things of that kind, as the head of the village.

1388. Do you think that we may look to a considerable increase of revenue from the development of the mineral resources by the Government?—I would not say a very considerable increase, but I think that the mineral resources of the Central Provinces may be very largely developed; I think that in the next settlement we are likely to get a large increase in the land revenue, when this settlement lapses and the new one is made. The next settlement should be from 25 to 50 per cent. increase, I think, if things go on as they are.

1389. Has anything been done by Government to develope the mineral resources of the Central Provinces?—Yes, they have sunk one or two shafts; there are certain officers appointed, who are now actively employed in searching for coal, and the Government is now considering the question of the railway to Chanda.

1390. The Government have given over the working of the mines where the railway is actually running, to the railway company, have they not?—The working of the coal mines has not been given to the railway company in the Central Provinces. In the Nerbudda Valley there is the Nerbudda Coal and Iron Company, who have the working of that.

1391. Have they the right of selling part of the coal, besides using it for their own purpose?—The Nerbudda Company may do what they like with it; I do not think that they have given over any coal to the railway company.

1392. *Chairman.*] Government have a theory that they ought not to grant coal to a railway company, have they not?—Yes; that it would be rather a monopoly.

1393. Mr. *Eastwick.*] Will you look into that point, whether the Government have given the right of working the coal to the railway company?—They have certainly given it to the Nerbudda Company, but they are separate from the railway company.

1394. Has the Government model cotton farms?—Yes, it has.

1395. Has it got one at Hingunghat?—Yes; it has been removed now from that to the place where I said we were making the cotton experiments.

1396. Within close access to the railway?—Within 10 miles, I think.

1397. If it could be close upon the railway that would be a great advantage, I suppose?—Yes, but 10 miles is quite sufficiently close. The object of a farm would be very much more, I think, to teach the people what improvements they might effect, than for the purpose of taking away the produce.

1398. Has it been found that the people have really improved their cultivation in cotton from the experiments at that model farm?—They certainly are quite open to improving, and they have improved considerably from what has been done by the exertions of the Cotton Commissioner.

1399. These provinces are great cotton exporting provinces, are they not?—Yes, the southern portions of the Central Provinces are.

1400. Mr. *B. Denison.*] With regard to the expense

expenses of collection in the Central Provinces, have the establishments in the Central Provinces been formed on the model of the Punjaub and the other provinces, or are they something peculiar to the Central Provinces?—They have been formed on the model of the Punjaub, I think, as nearly as possible, except that they are on a smaller scale even than the Punjaub, and less expensive; it is more on the form of the Punjaub than of the North West Provinces.

1401. Will you say whether, in estimating the expenses of the collection of revenue, and the salaries of deputy commissioners and their subordinates, are estimated at one-half, or in what proportion?—I believe it is at one-half, half to the Revenue, and half to the Judicial Department; that applies to the Commissioner, the Deputy Commissioner, and their assistants, and, I believe, also to some native officials; but I am not quite sure about that.

1402. I think the tendency of your evidence before the Committee has been to impress upon us that what is taken from the proprietors of the soil as land revenue, is in the nature of revenue, and not as a final tax, final for all purposes?—Certainly that is what I mean; that it is merely land revenue as land revenue; but the Government have the option open to them, I think, of imposing other taxes, if they think fit, provided a direct and immediate benefit can be shown in return for which these taxes are to be paid.

1403. Then should you conclude from your experience of the Central Provinces that the temper of the people in the other districts where the land revenue settlement is now of long standing, would be the same as in the Central Provinces with regard to extra taxes?—I think in the North Western Provinces the people have no doubt come to look on the extra cesses as being as fixed and immutable as the land revenue. They have not perhaps been given to understand that the Government did reserve to itself certain rights to fix these taxes, but the people have come to consider that the road and the educational cesses rate are as fixed as the Government revenue.

1404. Do you know whether either in the Central Provinces or in any other parts of India, objection and remonstrance has been made by the holders of rent-free tenures to these cesses, the road cess and the educational cess?—I do not recollect any particular case of remonstrance, but there was something in the North Western Provinces about it. At Allahabad something came up about it; I do not recollect, however, whether the Government take the road and educational cesses from the rent-free tenures in the North West Provinces.

1405. You have said more than once, have you not, that in the event of any great local improvement, such as a road or a canal being imposed, the advantage of which could be made clear to the occupiers of the adjoining lands, there would be no objection on their part to contribute a cess towards the erection and maintenance of them?—They might object, but I do not think it would be a valid objection, but one that might be overruled. If they could show that the benefit was not so direct or immediate as the Government assumed it to be, and that the Government were incorrect in their data, then I think they would have good grounds for resisting the tax; but if the only objection was that the Government assessment had been finally fixed at the time of the settlement, I do not think that ground of objection would be a good one.

1406. For instance, in the case of a canal, you do not see any objection to calling upon neighbouring proprietors to contribute to the expenses though they may not want to have the water?—Yes, I do. I do not go the length of saying that, in such a case, you can make a man pay, because I do not see what the direct benefit would be to him. In the case of a road, he would have the benefit, whether he wished it or not; but in the case of irrigation, he would not get any benefit from the water unless he took it.

1407. But are you aware that, in other parts, some canal officers have insisted upon charging water rent to proprietors who have refused to take the water?—Yes, that has been proposed, and it has been argued that the objection of the few should not militate against the good of the many, but I think it is, perhaps, pushing it to an extreme. In fact, I may say that, by taking the other course, the people themselves would see their neighbours benefiting so much from the water that they would soon get it for themselves.

1408. But supposing your principles were carried out, you do not apprehend any political danger?—I do not in the Central Provinces, certainly; but at the same time I wish it to be observed, that the measure would be a tentative measure; and in proposing this plan for the Ryepore Railway, I meant that the Government should leave it to me to see how far we could realise this, and that if we found that there was difficulty in realising this, then we should get the revenue from other sources.

1409. Do not you think that the temper of the people in the Central Provinces may be, in a great measure, owing to the newness of the administration, as it were, and their inaptitude to call in question Government measures?—Partly so, perhaps. I think that we might say on the other side, that the temper of the people in other parts of India may, perhaps, have been induced by the Government not having sufficiently asserted their rights, and the people having assumed that they had certain rights and privileges which in reality they ought not to possess.

1410. But it would not be incorrect, would it, to say, that the population of the Central Provinces are a more simple and unsophisticated population than that of other parts of India?—They are a more simple and a quieter race than they are in the North West and the Punjaub.

1411. Was there a Government income tax imposed in the Central Provinces?—Yes.

1412. Mr. *Grant Duff.*] I understand that you have not given particular attention to the general policy of the Government of India throughout India, with regard to the waste lands?—I have not given particular attention to its effect. I have considered the principle, but I do not know what the effect may have been on the different provinces, that is to say, how much land has been sold, or what has been done with it, or what has been done with the proceeds.

1413. Mr. *J. B. Smith.*] You have stated that with regard to the late discoveries of coal at Chunda, it is proposed to have a railway to carry it to the Great Peninsula Railway?—Yes.

Mr. J. H. Morris.

18 April 1871.

1414. Do you know what distance that is?—It is 49 miles.

1415. Is it not more from Chunda?—There has been a discovery since at a place called Wurorah.

1416. But at Chunda could not an excavation be made from the river up to the main?—Ten or twelve miles below Chunda the coal is found close to the river.

1417. Would it not be desirable instead of making a railway for the purpose to send the coal by the river?—There are barriers in that river which you could hardly surmount.

1418. Then this railway from the collieries is to be made to the Peninsular Railway?—To Wurdah station.

1419. If the barriers are below, you might bring it up the river to the railway, might you not?—I do not think there is sufficient water.

1420. Has there been any estimate of the cost of making that river navigable all the year round?—Yes; the whole subject of the navigation of the Godavery, from the mouth up to Wurdah has been considered, and the entire cost would be 2,300,000 *l.*

1421. When was that estimate made?—About six or eight months ago, just as I was leaving India, and I minuted on it to Government, and made a report on the subject.

1422. I am speaking of that portion of the river from Chunda to the Wurdah; do you know what the estimate is of the expense of rendering that portion of the river navigable?—It will be found stated in my minute, I think.

1423. *Chairman.*] Do you consider that the Central Provinces have an exceptionally small quantity of culturable land as compared with other parts of India?—No, I think that they have a very large amount of culturable land.

1424. I mean land capable of tillage?—Yes, culturable land, capable of tillage. I think the want of the Central Provinces is not the absence of land, but of cultivators to cultivate it; it is a very sparse population.

1425. Do you consider that there is as much land capable of tillage culture in the Central Provinces as there is in the North Western Provinces?—I think that in the North West the per-centage of the culturable land to the cultivation is much smaller than it is with us. Our culturable land is more than equal in amount to our cultivated.

1426. You mean that your culturable land, which is not cultivated, is more than the amount which is cultivated?—Yes.

1427. Are we to understand that the two-thirds which you spoke of as being let out to villages, of what you called uncultivated land, was land capable of culture?—The 200 per cent. is land capable of cultivation, waste land for grazing, and everything, that includes all. The people themselves were in a measure allowed to select what land they liked, provided it lay contiguous to their own land, and they generally selected the best.

1428. Do you attribute the present comparatively depressed state of the Central Provinces to the want of population?—Yes, that is one of the chief causes.

1429. I observe that the contrast is very striking with the North Western Provinces. In the North Western Provinces they have an area of 83,000 square miles, and the land revenue is 4,000,000 *l.*; whereas the Central Provinces have an area of 114,000 square miles, and the land revenue is only 600,000 *l.* How much of the 83,000 square miles is cultivated?—The last annual report of the North Western Provinces ought to give that, and that would show it at once.

1430. The population of the North Western Provinces is 30,000,000, as compared with 9,000,000 for the Central Provinces?—Yes.

1431. But although that is the proportion of the population, yet it would appear that the revenue in the North Western Provinces is far greater in proportion than the population?—Yes; but I think, as a general rule, the quality of the soil in the Central Provinces is very much below that of the North West Provinces.

1432. Will you explain what is the cause of the difference, and this extraordinary depression of the Central Provinces as compared with the North Western Provinces?—First, I think the sparseness of the population; secondly, that the inherent quality of the soil is inferior; and thirdly, that the nature of the cultivation, in consequence of the idle, and lazy, and improvident habits of the people, is very inferior.

1433. As regards foreign markets, they are nearer to them than the North Western Provinces?—Yes, they are nearer to Bombay.

1434. Mr. *Eastwick.*] There are immense jungles, are there not, down at Bustar particularly?—Yes; the whole country is jungle. You can imagine what it must be, when I mention the fact that in the upper Godavery district, in which this place Bustar is, the number of the population to the square mile is only 22.

1435. *Chairman.*] Then according to the calculation we have just made, there is a great future for the Central Provinces if the population increases, and the land could be cultivated properly?—Yes, those are the two great wants; and the proper cultivation of the land by the introduction, if we possibly can manage it, of means of irrigation.

1436. I forget whether you stated the proportionate part of the Central Provinces that was in the hands of chiefs?—I have not that exactly; but I should think a sixth or a seventh of it; at least 10 per cent.

1437. From that the Government will get no benefit?—The Government would only get the indirect benefit of being able to raise their tribute; but that would never be anything like what that proportion would indicate.

1438. Do you consider that they have the right to raise it on those lands?—Yes; we have just raised the tribute, and it was made under the express stipulation that it might be resettled at the end of 20 years; the object of revising was not so much to increase the revenue, as to prove to the chiefs that the revenue was revisable. I proposed, for instance, in introducing this Rypore Railway, that the chiefs should be made to contribute.

1439. Sir *D. Wedderburn.*] I find in the map published by the India Office in 1869 that these feudatory states, Bustar and the others, are marked as native territories, and in the map which hangs in this room, which is of the same date, they are marked as British territories; and the same thing with regard to the Berars; are they held under the British Government directly?—The Berars really belong to the Nizam, but they are directly managed by European agency under the Resident at Hyderabad; and we have introduced our own

own system there; whereas in regard to these feudatories they are only, I may say, indirectly administered by us. We content ourselves with the tribute, and allow them to administer them themselves.

1440. Then Berar is an integral portion of the Central Provinces?—No, it is part of Hyderabad, not of the Central Provinces.

1441. It is marked in one map as British territory, and in the other it is marked as part of the Nizam's territory?—Yes; but it is directly administered by Government officers under the Resident.

1442. Is it not the case that a large portion of the Central Provinces is inhabited by aboriginal races, Gonds and others, which are very inferior races?—Yes, very nearly 2,000,000 out of the 9,000,000 of the inhabitants are Gonds and aborigines, men who cultivate the land with the axe, you may say, instead of the plough; they cut down the jungle and set fire to it and sow the seed in the ashes, and make what they can of it.

1443. Are these the men who have contrived to lower the fertility of the black soil to the extent which you have described?—No; ordinary Hindoo cultivators who have gone on cropping and cropping, getting what they can out of the soil, and doing nothing for it.

1444. That is exceptional, is it not, among Hindoos?—Many of these Hindoo cultivators are inferior castes. In the Nerbudda Valley you will find they have by marriage intermingled with the aborigines, and now they are a kind of mongrel race, between Rajpoots and Gonds.

1445. Mr. *Fawcett.*] You describe the settlement in the Central Provinces as a landlord settlement in contradistinction with that of Madras; the Government made the settlement with the landlords and not the cultivators?—Yes.

1446. Do these landlords deal liberally with the cultivators?—Yes, fairly so; but at the same time the Government has protected the rights of the cultivators in the Central Provinces.

1447. So as to prevent the landlords levying an excessive rent from them?—Yes. The cultivators in the Central Provinces have been divided into certain classes. This question of the rights of the cultivators was gone into and investigated at the time of the settlement as carefully as the rights of the proprietors. We have three different classes of cultivators. First, there are cultivators whose rights are very strong, but not sufficiently strong to entitle them to be declared proprietors of their holding; they were considered cultivators with rights of occupancy, that is, not liable to ouster, and with the rent fixed for the term of settlement; and this fixing of the rent was decided on by the settlement officer in conjunction with the landlord. Then there is a second class of cultivators whose rights were not found to be so strong as that of this first class; they were declared to have rights of occupancy under a certain Revenue Act in India, but to have their rent liable to enhancement under certain conditions which have to be proved in the courts, and then the enhancement takes place or not according to the decision of the courts. And then in addition to them there are the ordinary tenants-at-will, tenants from year to year, who are liable to ouster or enhancement, on receiving notice from the landlord.

1448. Is a considerable portion of the cultivated land occupied by tenants-at-will?—There are 158,075 cultivators holding at fixed rates; 140,220 cultivators with rights of occupancy at variable rates; and 474,656 tenants-at-will. That is to say, two-fifths of the whole of the cultivators have rights of occupancy.

1449. In one case, however, they are only variable rates?—As long as they pay the rent the cultivators of the second class are not liable to ouster, and they are not liable to enhancement of revenue except on certain conditions.

1450. Three-fifths of the tenancies in the Central Provinces may be regarded as exhibiting an extremely unsatisfactory state of land tenure, tenants-at-will not protected by the Government at all?—Two-fifths are very strongly protected.

1451. But with regard to these three-fifths of the tenants, the mere fact that the Government levies a light land revenue, does not give the slightest security that these tenants-at-will have not to pay an extortionate rent; the Government cannot protect them from that, can it?—The Government may not perhaps be able to protect them, but Government has not in any way lowered their status, or placed them in any other position with reference to their landlords than that they have always held, and if the landlord takes a greater rent than his neighbour they only have to go to his neighbour, who is only too glad to get them.

1452. But it is to be distinctly understood that the land assessment being light, does not, with regard to the majority of the tenants, give them any security against their landlords?—No; but these tenants-at-will are only men who have held for a few years; they have not held under any condition that entitled them to any right; it is only where they are proved to have been introduced by the landlord, to have held from him from year to year, and to have exercised no rights or privileges, that the Government have declared that they have none; but where they have exercised rights of any kind the Government have confirmed them in them. The principle Government has gone on is not to create rights in their favour, more especially as this could only be done at the expense of the landlords, but where they have found rights to exist it has declared them permanent and recognised them. The mere fact of two-thirds of the tenants being tenants-at-will only, proves that a large proportion of the cultivators formerly exercised no rights of any kind.

1453. Do not you attribute a portion of the unsatisfactory cultivation which you say exists in the Central Provinces, to the fact that the larger part of the tenancies are simply tenancies-at-will?—No; I do not think so. I think that, they are generally in very fair circumstances, and I find that on the average, the tenants-at-will do not pay higher rates than cultivators with rights of occupancy paying at fixed rates. The average rate per acre at which a tenant-at-will pays is 13 annas and 6 pies, and the average rate at which the ryot holding at a fixed rate pays is 13 annas 11 pies. I should explain that the land in the possession of the ryots paying at a fixed rate is probably of a somewhat better quality than that held by the tenants-at-will; but still the above fact clearly shows that the tenants-at-will are not very much ground down. The fact is that there is such a want of tenants, and such a superabundance of land in the Central Provinces, that the tenants can command almost any price they like.

Colonel Sir ARTHUR P. PHAYRE, K.C.S.I., called in; and Examined.

Col. Sir *A.P. Phayre*, K.C.S.I.

18 April 1871.

1454. *Chairman.*] WILL you be good enough to state what offices you have held in India?—I was Deputy Commissioner in Aracan first, part of British Burmah; afterwards I was Commissioner in Pegu, another part of British Burmah; and latterly I was Chief Commissioner of the whole Province of British Burmah.

1455. And you are acquainted with the system of land revenue in British Burmah?—Yes.

1456. Would you be good enough to state when the administration of the land revenue in British Burmah began?—Pegu became part of the British Empire in 1852, and from that time Pegu was settled; before that the two Provinces of Aracan and Tenasserim were under British rule since the year 1826.

1457. When was any settlement made of Aracan?—From the first occupation of it. I would say not a settlement, but there was an annual inquiry and an annual assessment; there was no settlement indeed; there has been no settlement of the land revenue in any part of British Burmah, until about six or seven years ago, for any term of years; I mean that the settlements were always annual up to that time.

1458. What was the position of the land revenue when the Government began to administer Aracan?—The cultivators and proprietors of the soil paid an annual revenue to the Burmese Government of 10 per cent. of the gross produce.

1459. Was that paid in kind?—It was paid in kind invariably for grain land; that was not the case on land on which other produce was grown; but grain land, which was more extensive than any other kind of land, invariably paid in produce.

1460. And for the rest of the land the revenue was collected in money?—Not always, but in many respects it was.

1461. When was a change made in that system?—What I have just spoken of was under the native government, but as soon as the country came under the British Government, an arrangement was at once made for money payment in lieu of a per-centage of the gross produce being given. That commenced in Aracan and Tenasserim from the year 1826, and in Pegu from 1852.

1462. Was that money payment at the same rate as the proportion in kind, one-tenth, or was it otherwise?—It was not the same. As soon as the British Government came in, in consequence of its being made easier to the cultivator by a money payment, the proportion taken by the Government, or assumed to be the Government share, was doubled. Under the native government it was 10 per cent., but the individual had to convey the proceeds to a Government granary, or to some other place; sometimes to a Government officer's house. That was no longer required of him; and then 20 per cent. of the gross proceeds was assumed, and that was commuted for a money payment of the supposed value of the 20 per cent.

1463. Was the same proportion established with reference to other agricultural produce, namely, 20 per cent.?—No direct inquiry was made as to the value of the other produce, but it was arranged with the people of each village tract that the highest rate taken for their rice land in each village tract should be the ruling rate for all other produce in such village tract.

1464. How was the rate established between that particular produce and other produce?—There was no attempt to make any detailed inquiry on the subject. The people of the village agreed that that would be a good rate to assume, and they were content to pay it on that ground.

1465. Was this arrangement made with the actual cultivator, or with any intermediate person?—With the actual cultivator.

1466. All through the country?—Yes.

1467. Then there are, no intermediate managers, or village holders, or other officials, between the Government and the people?—There are not. There is a Government official in each village tract, but he deals directly with each holder and cultivator.

1468. He is a mere agent for the collection of the revenue?—Yes; excepting as he represents the Government generally.

1469. Does he assess this 20 per cent.?—Under the British Government he does not; that was done by an officer specially appointed for the purpose.

1470. Then when the value of 20 per cent. in cash was fixed in the first instanee, was that value continued from year to year, or has it been changed at intervals?—It has been changed; it has been increased occasionally, but that has only happened, I think, once or twice during my time.

1471. That is since the acquisition of the provinces by the British Government?—Yes.

1472. That would make the settlement or the arrangement in point of fact last for an interval of how many years?—The longest settlement that has been made in any part of British Burmah is ten years; indeed everywhere the people objected very strongly to settlements; they said they preferred an annual arrangement, but they were induced, by the persuasion of Government officers, I may say, to accept settlements in some cases for five years, in others they would not take above three years.

1473. But when the assessment or settlement has been annual, how often, at what intervals, has it been changed?—I have never known it changed at less intervals than 10 years or 12 years.

1474. Can you state what extent of territory in the Burmese Provinces is now under settlement as compared with land not under settlement?—I should think about one-third probably of the whole cultivated land was under settlement for a certain period, but not all for the same period. As I have stated it was difficult to induce the people to accept settlements.

1475. And the rest is from year to year, liable to be resettled at any time?—Yes; liable to be resettled at any time.

1476. Can you state how much of the whole territory consists of land which is occupied and cultivated so as to be chargeable with revenue?—There are only about 3,000 square miles that are under cultivation.

1477. What is the whole amount?—The whole is about 94,000 square miles.

1478. Wha

1478. What is the rest of the land composed of; of what character is it?—Jungle, forest-trees, grass; and about one-half of the whole mountains covered with forests.

1479. Is any of that land capable of being tilled and cultivated?—A great portion of it except the hill portion.

1480. Can you state what quantity of land remains in Burmah that could be tilled that is not now liable to assessment?—Probably 30,000 to 40,000 square miles.

1481. That would all be liable to assessment the moment it was cultivated?—Not immediately, because all forest jungle land is allowed to be cultivated on the arrangement that for a certain number of years it is to be exempt from revenue, and then to come gradually under assessment.

1482. What I want to ask you is, whether the revenue is charged only upon the land that is actually under cultivation, or whether the occupants claim the right of any of the uncultivated land?—The villagers claim certain uncultivated lands round their villages for pasture and so on, but they do not pay revenue on that land.

1483. The revenue, in fact, covers the pasture land as well as the tillage land?—It does.

1484. Then the quantity of land which they hold is very limited?—Comparatively very limited.

1485. I suppose that the large areas which you have spoken of are not in fact comprised within the villages with which the settlement has been made?—They are not.

1486. What does the Government derive from these uncultivated lands at present?—They do not derive any revenue from the uncultivated lands. It is at the disposal of Government to make grants, which they do; and besides that, great numbers of people come in as immigrants from independent Burmah, and are allowed to take up lands by the head people of the villages on the terms which have already been stated, and those persons do not pay for those lands until they have raised a crop from them.

1487. But there are no licenses issued for pasture and otherwise in the large unsettled districts?—No licenses are issued; persons may pasture their cattle without any permission at all.

1488. Can you state what has been the progress of the land revenue under the system which you have been describing?—I can state it generally without giving the particular figures. For the last 15 to 16 years the land revenue has increased at the rate of about 5,000 *l.* a year.

1489. What do you anticipate will be the future increase?—I anticipate that it will be at that rate for a great many years to come. Large numbers of people are flocking in both from the Burmese territory and from the Siamese territory, and they can easily take up lands, and they most readily do so on the terms offered. They take them in small patches, seldom exceeding eight to ten acres, and they are the best kind of cultivators that we have.

1490. Are the holdings generally large in Burmah or small?—They are small for grain lands, seldom exceeding 10 acres; and for garden lands very much less, probably not more than three or four acres on the average.

1491. Is the revenue generally paid well within the year?—It is paid very promptly; there are very few defaulters indeed; I scarcely remember a Burmese defaulter.

1492. The Government claims the power, I suppose, of turning out the occupant, or selling the land in case the revenue is not paid?—The Government do claim that right, but I have never known more than one or two instances, I think, of land being sold for non-payment of revenue.

1493. Are these occupants who pay the revenue considered the owners of the land for all purposes?—Every immigrant who comes into the country and occupies land under the Government, and pays his revenue, is treated at once as the owner of it.

1494. He is at liberty to sell and deal with his land as he pleases?—If he can.

1495. Mr. *Lyttelton.*] What objection have the people to a long settlement?—It is very difficult to know exactly what the real objection is, but I think the general idea was that if they pledged themselves to pay a certain sum for a certain number of years and became unfortunate, they might be thrown into prison for the arrears, and they thought it better to merely pay their way by the year. But every possible effort was made to show them that if they were unfortunate, lost their cattle and so on, and could not cultivate their land they would not be required to pay the amount.

1496. Was the rate higher in the case of the longer settlement?—No, it was not, the rates per acre on the land remained the same in either case.

1497. The objection in reality was an unreasonable one?—Yes.

1498. Mr. *J. B. Smith.*] Supposing that the Government executes public works, have they any right to assess the people for those?—Yes; I think they have for the benefit of the whole.

1499. Has any experiment of that kind been made; have they ever been called upon to contribute?—Within the last six or seven years, for the first time in Burmah, a cess has been laid for public roads, for education, and for rural police.

1500. And has it been cheerfully paid?—It has been cheerfully paid; I never heard any objection to it.

1501. The people appreciate the benefits to be derived from it?—Undoubtedly they do.

1502. Mr. *Eastwick.*] Where do these immigrants come from that come into the Burmese Provinces?—From the Burmese territory and from the Siamese territory.

1503. Not from India?—Very few, comparatively; people from India come as workpeople in the seaport towns, but very few of those ever settle down in the country; after remaining for three or four years, and making a certain sum, they go back to their own country; still there are a few straggling settlers, but, as a general rule, very few indeed.

1504. The soil is good, I suppose?—Very good soil.

1505. There are great facilities for irrigation, I suppose?—Irrigation is very little required in British Burmah; the object of the public works, in fact, as regards agriculture is to keep out floods by damming the rivers; the rainfall is very large and the rivers rise very high; irrigation is only known as an exotic work in a few corners of the province.

1506. Then, in fact, all you want is population?—Yes.

Col. Sir *A. P. Phayre*. K.C.S.I.

18 April 1871.

1507. And may I ask whether Government has ever thought, or anyone has ever thought, of introducing Chinese there?—It has been thought of, and I was at one time in communication with Mr. Lay in China, regarding Chinese who were expected to have been taken as prisoners during the time of the rebellion there, but the Government of India did not approve of Government themselves entering into the work of bringing immigrants into the country, and it was left to private enterprise to accomplish it, if necessary.

1508. And I suppose nothing has been done since?—Nothing.

1509. But with regard to your own opinion, supposing that it could be arranged by private enterprise or in any other way to bring about a great immigration of Chinese, do not you think that it would be a very profitable thing for the Government?—I must say that I have altered my opinion since those days when I was perhaps too anxious to push on the province, and I do not think it right for Government to introduce immigrants themselves. I think the best way is to remove all obstacles and to offer every advantage to them for coming, and to leave them, as the immigrants come now from Burmah and Siam, to their own efforts and to the efforts of those who wish to profit by their labour.

1510. But you think that the country offers very great advantages to immigrants?—Decidedly; they are pouring in now in large numbers.

1511. It is an unhealthy country, is it not?—By no means; it is much healthier than Bengal generally; I will not say than the North West Provinces or the Punjaub, but it is a very healthy climate.

1512. One has heard of the Aracan fever?—The climate of Aracan is, I admit, an unhealthy climate. I was thinking that you meant Pegu and Tenasserim.

1513. Does the Government derive any revenue from the forests in Burmah?—Government derives now a considerable revenue from the forests, because they are kept entirely in Government hands; that is to say no one is allowed to fell a tree except with the permission of the Forest Department, and the trees are either sold beforehand or else are felled by the Government on their own account; so that the department not only pays its own expenses, but it has an income probably of some 40,000 *l.* or 50,000 *l.* a year.

1514. Do you see any likelihood of increasing that revenue from the forests; I suppose they are teak forests?—They are teak forests. I think there is every probability of its being increased, because the forests are every day becoming better taken care of, and the watching is more economical, and the whole working more profitable than it used to be.

1515. Are the forests on the hills of any value?—All the teak forests are on hills; not very high; the best are on hills probably from 1,200 to 1,500 or 2,000 feet high.

1516. Are there good communications, or is there a great want of communications?—There is a great want of communications.

1517. And, probably, with communications there would be a greater inducement to immigrants to come into the country, and also a greater development of the agricultural resources?—No doubt there would be; not that the immigrants think much of the communications, I think, but it would be more profitable to them in bringing their produce to market.

1518. Is there any mineral property in the country?—Very little indeed; there are a few petroleum wells, very small, and a few deposits of coal have been found here and there, but not sufficient to be of any economic value.

1519. Then the Government must look to the agricultural produce and the forests?—Yes, undoubtedly.

1520. Mr. *B. Denison.*] Is there a local export duty on timber from the Burmese Provinces first into British territory, and then into foreign territory?—The teak timber that comes from the Burmese territory has an export duty levied upon it by the foreign Burmese authorities; I think it is, probably, 10 per cent.

1521. I meant at the port of Rangoon and other places which are British ports, is there an export duty on timber?—No, there is none, it is quite free.

1522. With reference to timber coming from higher up the country, how is it?—With regard to the timber that is floated down the rivers into the British territory, that from the Burmese territory pays 10 per cent. to the Burmese authorities, none to the British authorities. Then in the Tenasserim Provinces the timber, which comes from the Siamese territory, and partly from some independent states, does not pay to the British Government any duty on passing the frontier, but it pays what may be called an excise duty within the territory, which amounts to probably about 10 per cent. of the value.

1523. Pays it to whom?—That it pays to the British Government.

1524. An honourable Member reminds me that wood floated down the great rivers does pay a transit duty to the British Government, does it not?—Not that on the Irawaddy, but that on the Salween river does; what is floated down on the Salween does not pay on the frontier, but it pays what may be called an excise duty in the province, levied after it comes into the province.

1525. Do you know, approximately, what the annual amount of that duty is?—It is close on a lac of rupees.

1526. Do you know whether it is credited under the head of forest receipts, or under custom or excise receipts?—It is under the head of forest receipts, but there is a sub-heading, showing that is levied as a timber duty, and does not consist of profits derived from the Government forests.

1527. Is the tariff of the customs duties levied at the ports of the Burmese territory the same as the Calcutta tariff?—Precisely the same.

1528. Do you regard the general question of taxation in Burmah as an open question in the future, that is to say, that it has not been finally settled with regard to the land revenue?—There is nothing finally settled as to the land revenue in Burmah; it is quite an open question.

1529. The principle on which the final settlement is to be made is an open question?—Quite so.

1530. Mr. *Grant Duff.*] You are satisfied that the people are not over assessed?—Certainly, they are not over assessed.

1531. And is the land revenue rising steadily?—It is rising steadily.

1532. So that 50 years hence it may be doubled?—Certainly.

1533. Without being oppressive?—Yes, without

out being oppressive; that is to say, it would be doubled from the extension of cultivation; I do not mean that it would be doubled by increasing the rates per acre.

1534. But in the natural order of things you think that it would about double itself in the next 50 years?—Yes, I think so; it has been going on very steadily, and there seems to be no check.

1535. *Chairman.*] What do you suppose is the present rate of increase on the average for the last two or three years; because you have spoken of an increase at the rate of 5,000 *l.* a year?—When I said 5,000 *l.* a year, I meant the ratio. I did not mean with reference to the total, which the revenue would be with the 5,000 *l.* added at the end of 10 or 12 years, but the ratio, with regard to the increase that occurred on the total, as it was 10 or 12 years ago.

1536. What do you expect will be the actual addition to the land revenue from year to year?—I would suppose that the land revenue might possibly double itself in 50 years.

1537. Would that increase arise from the increase of cultivation, or from the increase in prices, and the consequent rate of assessment?—From both, but more particularly from the increase of cultivation.

1538. That is, supposing no special means were taken to increase the population, but it took its natural course?—Quite so.

1539. The costs of collection in Burmah are stated to be 97,000 *l.*; but it is also further explained that that is made up of two items, "Deputy Commissioners' Salaries, Establishment, and Contingent Charges," 41,000 *l.*, and there is the "Commission on Collection of Land-tax," 47,000 *l.*; what is the meaning of those two items?—I apprehend that the 47,000 *l.* refers to the commission given to the heads of villages who receive 10 per cent. on the collections.

1540. That is paid by the Government, not by the villagers?—That is paid by the Government, and deducted from the amount collected; and the other is the salary of the Deputy Commissioner and the other officers of the Revenue Department.

1541. Do they perform any other functions for those salaries, or is that only a portion of their salary?—That is only a portion of their salary.

1542. And the rest of the salary is debited to the other class of duties that they perform?—Yes.

1543. Mr. *Cave.*] Did you say that the Chinese had begun to come in of their own accord as immigrants into Burmah?—They have begun to come in, but not as agricultural settlers; the Chinese are principally artisans in the towns and so on, but they come in entirely of their own accord; they come as merchants and artisans, and so on, but not as agriculturists.

1544. Do they remain?—They remain.

1545. Do Chinese women come in as well as men?—Very few women.

1546. Do the Chinese intermarry with the Burmese?—Yes. Col. Sir *A.P. Phayre*, K.C.S.I. 18 April 1871.

1547. Those people respecting whom you were in communication with Mr. Lay were people taken in the rebellion, were they not?—They were.

1548. They were executed, were they not afterwards?—I believe many thousands of them were.

1549. Are the Chinese easily managed in Burmah; are they an orderly set?—They are; I have not found any difficulty in that respect. In Rangoon there are about 5,000 or 6,000 of them; in another town, Moulmein, there are about 10,000; they do not give trouble.

1550. I suppose that their taking to trade in the way that they do there, and in other places, drives the natives more to agriculture than before?—It does.

1551. So that in that way it increases the agricultural population?—It does.

1552. *Chairman.*] You stated that generally the settlement was made with the occupants, but are there any chiefs in Burmah, or persons regarded as large holders, with special tenures?—None at all; there are a few old families who held office under the old government, and perhaps may have accumulated a little more land, perhaps to the extent of 40 or 50 acres, but I never met with any one who owned more than 50 or 60 acres.

1553. There is nothing between the Government and the mass of the people, who are face to face with them?—Quite so.

1554. Mr. *B. Denison.*] There is no direct means of communication over land between Burmah and Aracan, is there?—There is, but it is a difficult route across mountains.

1555. What is the distance?—To the seashore and by the road across the hills, it is about 110 miles.

1556. Is it a safe road and a practicable road; safe, I mean, from wild animals?—Wild animals are to be met with; still many people go that way.

1557. Did you yourself, in making your progress through the provinces, generally use a steamer?—To go up the Irawaddy River, I did.

1558. And to get round to Aracan?—I generally went by sea.

1559. That is the usual way of communication, is it?—Yes.

1560. What is the time it takes to go from Burmah to Aracan by sea?—Three days.

1561. Sir *D. Wedderburn.*] Do they speak distinct languages in Aracan and Burmah?—The language is essentially the same, but there is a difference of dialect; it is the same race also.

1562. *Chairman.*] Can you state the number of people with whom the settlement is made as occupiers or owners of land, that is to say, the number of persons directly holding from the Government?—The approximate number of persons paying land revenue direct to Government is 370,967.

Friday, 21st April 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Sir James Elphinstone.
Sir Thomas Bazley.	Mr. Fawcett.
Mr. Beach.	Mr. Hermon.
Mr. Bourke.	Mr. Lyttelton.
Mr. Cave.	Mr. J. B. Smith.
Mr. Beckett Denison.	Sir David Wedderburn.
Mr. Dickinson.	Sir Charles Wingfield.
Mr. Grant Duff.	

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Sir ROBERT MONTGOMERY, K.C.B., G.C.S.I., recalled; and further Examined.

Sir *R. Montgomery*, K.C.B., G.C.S.I.

21 April 1871.

1563. *Chairman.*] WHEN you were last examined, you mentioned that you were conversant also with the land revenue administration of the North Western Provinces?—Yes.

1564. Will you be good enough to tell us what districts now constitute the North Western Provinces?—The North Western Provinces are composed of districts ceded from Oude and conquered from the Mahrattas between 1801 and 1805. Subsequently the Kumaon and Dehrah Dhoon districts were ceded by Nepaul in 1815, and in 1817 Bundelcund was conquered from Scindia, and added to those districts for the purpose of a more convenient administration, four districts of the permanently-settled province of Bengal were added to the North West Provinces.

1565. What districts were those three?—Benares, Jounpoor, Mirzapore, and Ghazeepore; they were for administrative convenience transferred to the north-west; these altogether now form the North Western Provinces.

1566. You did not give us the names of the districts first acquired in the earliest acquisition by the North Western Provinces?—From Oude were transferred Goruckpore, Azimgurh, Allahabad, Cawnpore, Futtypore, Furruckabad, and the Rohilcund territory; and conquered from the Mahrattas was the Agra and the Delhi territory. I think that generally comprises the districts then acquired.

1567. Will you be good enough to state very shortly what was the land revenue system that was in force in the different districts, with a view to explaining the changes introduced by the present system?—At that time the Government of the day took as much revenue as they could get, nominally allowing about 15 per cent. of the net assets to the proprietor; that in general terms, I think, was the system. It varied, perhaps, but that generally was the system of the native governments, to take as much as they could, less about 15 per cent.

1568. Do you mean 15 per cent. of what an occupying tenant would pay to a landlord, or 15 per cent. only of the profits of the cultivator?—Of the supposed rent that the cultivator would pay to the landlord.

1569. Was that systematically levied, or was it merely carried in every district to the extreme limit of exaction?—Generally speaking the country was farmed out, I think, to different farmers of the revenue. The greater part was farmed out, and they had to pay in a rough calculation the total collection, less 15 per cent. That was a rough way, I should say, of expressing it.

1570. Were the farmers large farmers?—Sometimes farmers of a large tract of country; perhaps one, or two, or three districts.

1571. But never less than one village?—Never less than one village.

1572. Was that an annual assessment?—Yes.

1573. I presume there were remissions, if there were scarcity?—That depended upon the pleasure of the Government. I presume there were if they could not get the revenue.

1574. What changes were made by the British Government as it acquired these several districts?—When we first got possession of the country it was entirely new to us; we had no experience of any similar tract of country in India; and officers were sent from Bengal, which was our old province, to carry out the administration of the country. These officers were very ignorant of the state of things existing in the North Western Provinces. The tenures were altogether different; the state of the country was different; it required much more capital to break up the land there than it did in Bengal, because it was a very arid country compared with Bengal, and the water was a great depth, and they have not the same favourable periodical rains that they have in Bengal; and the officers were ignorant apparently of the existence of the large proprietary communities in the North Western Provinces; they did not exist in Bengal, or if they

they had existed there they were in a much less perfect state there than they were in the North Western Provinces. When our officers received from the native governments the list comprising the different estates in the North Western Provinces they found one or two names entered upon the list as the proprietors of the estates, and our officers supposed that they were really the sole proprietors. The custom in Bengal was that when an arrear of revenue took place the estate was put up for sale if the revenue was not paid in by a certain date. They carried out the same system in the north-west; they ordered that if by a certain date the revenue was not paid, the estate was to be sold. The people were altogether ignorant of sales; they had never heard of land being sold for arrears of revenue; they were unacquainted with the system altogether, and in many cases it was proved subsequently that the notices never reached the different estates. Owing to collusion amongst the native officers of the Government, the notices in many cases did not go out; and the consequence was that when the day for payment arrived, the estate was put up for sale and knocked down generally to some creature of the court who, in a fictitious name, bought it in for himself; he dare not insert his own name in the register, but he fictitiously bought it in. The result of this was that a very large portion, perhaps a fourth of the estates during the first 12 or 14 years of our occupation, changed hands; that is to say, that auction purchasers took the place of the old village communities. The communities were extremely exasperated, the first notice they generally had of the sales was the auction purchaser coming to take possession. It resulted often in the murder of the auction purchaser or the murder of the agent, whom he deputed, and the burning of his houses and whatever property he might have. The Government at this time were in ignorance of what they had done; they were not aware that their system had brought this to pass; but it gradually began to dawn upon them that a great injustice had been committed, and a special regulation was framed in 1821 giving powers to a commission to examine into all the sales that had taken place; and where it was proved that any fraud had been used, or that any notice had not reached the people, or that they were in complete ignorance of what had taken place, the commission was ordered to restore the estate.

1575. Mr. *J. B. Smith.*] The person to whom the estate was restored paid back again the money, I suppose? — Yes. This commission, which was framed with the best intentions, did not work on the whole as satisfactorily as could be expected; the distances the people had to go were great, and the expenses considerable; but I may say that the result was that about half the estates which had been sold were restored to the village proprietors, the auction purchasers, of course, getting back the sum they had paid, and, perhaps, in some cases, interest, but I am not quite sure about that. The Government then gradually became alive to the fact that they were really working in the dark; that they did not know, or had not a full acquaintance with the state of landed property generally, and commissioners were sent by the Government of India to visit each district.

1576. *Chairman.*] Before you go further, can you tell us at all what was the price that was obtained on those auction sales; how many years' purchase? — Very often little more than the balance due on the estate; it was sold for a mere trifle.

Sir *R. Montgomery*, K.C.B., G.C.S.I.

21 April 1870.

1577. That would be some portion of the year's revenue?—Yes, some portion of the year's revenue; very little more.

1578. At that time, with the heavy assessment which you have mentioned, had proprietary rights any marketable value in the district?—I should think not; it was not the custom to sell.

1579. Will you please go on to describe what the Government Commission did?—A commission was appointed, and a commission visited every district, and reported to the Government that things were in a very backward state generally, and that a good deal of injustice had been done, owing to the sales that had taken place; and they collected a great deal of information regarding the proprietary rights, and the custom of the people generally; and a regulation was framed in 1822, the author of which was Mr. Holt Mackenzie, a very great authority, who himself had not much practical experience of the actual details of revenue work, but who had studied the whole system; he prepared a draft of an admirable regulation (Regulation 7 of 1822), which was to be the basis of all future settlements. Briefly, I may say that this regulation laid down that the boundary of every village was to be marked off. The rights of all proprietors, the rights of all cultivators claiming any special rights to be determined, the nature of the soil, the rent, and everything was to be gone into, and, in fact, the regulation went to the opposite extreme of what had been done before. The defect of the regulation was this, that it imposed on limited agency unlimited duties. The investigations ordered were so minute that, at the end of 10 years from 1822, very few estates had been settled, and, at the rate that they were going on, it was considered that it would take 60 or 100 years to complete the settlement of the North Western Provinces.

1580. With the staff that was then employed?—The staff was small, and the investigations were very numerous. The regulation required, amongst other things, that every right for the past 60 years should be inquired into, so that there was an amount of work thrown upon the revenue officers, which it was quite impossible for them to carry out.

1581. It was an inquiry into land tenure, as well as into revenue settlement?—Yes. Lord William Bentinck, in 1833, finding that the settlement was progressing so very slowly, assembled a conclave of officers at Allahabad, and a new law was issued, called Regulation 9 of 1833. In it, while keeping in view all that Regulation 7 of 1822 had laid down, the future arrangement was simplified very much by laying down the rule, that possession only was to be looked to by the revenue officers; that they were not to go into old rights at all, but possession was to be the basis of the settlement, leaving all who had any further claims to go to a civil court.

1582. That is to say, the possessor was to represent the owner for the purposes of the settlement?—Yes, for the purposes of the settlement,

Sir R. Montgomery, K.C.B., C.S.I. — 21 April 1871.

leaving all who had further claims to go to the civil court.

1583. Claims against the possessor?—Yes, against the possessor, or amongst themselves if they were fighting about shares; they were to go to the civil court, the revenue officer having only to find out who was actually in possession at that time of the shares or land.

1584. That is to say as between Government and the possessor, the Government treated him as the owner of the property, leaving any person who claimed an adverse right to him to assert it in a court of justice?—Yes; at the same time the Government increased the staff of settlement officers, their object being to carry out nearly simultaneously in every district the settlement of the land revenue; and at that time the junior member of the Board of Revenue was Mr. Robert Mertins Bird, a man of great grasp, great energy, and great experience; and in 10 years he carried out, I may say, the completion of the settlement of the North Western Provinces; that is to say, he retired from the service at the end of 1842, and before he went he considered that he had completed the settlement. There were certain details to be carried out afterwards, and certain arrangements to be made which, fortunately for the North Western Provinces, fell into the hands of Mr. Thomason, another very distinguished officer, who subsequently became lieutenant governor of the provinces.

1585. You have not stated for what period this settlement was to last?—The settlement was for 20 years; and the record, I may say, was one that any Government might be proud of, it was very complete in every statistical detail. The villages were mapped, the proprietors' rights were recorded, and any special rights that cultivators might have, were all entered; and the indirect benefit, if I may so say, was this, that a body of Government officers were raised up thoroughly acquainted with the whole tenures of the country, the best preparation for judicial work; and they also learnt this further, that to be successful with administration in India, it is necessary that the officers should live amongst the people, as a settlement officer is obliged to do for months and months every year, so as to sympathise with them, and to enter into all their feelings.

1586. Will you also state what was the general effect of that settlement as regards the assessment of the revenue as compared with the amounts that were previously paid?—I think I have a return here to show that. The first return which I have is 1811-12; that settlement yielded 2,722,487 *l.*

1587. Would that represent the assessment under the system of the native rule?—Well, 1811-12 was several years subsequently. I daresay, under the native rule, it must have approximated to that. I do not think it was more than it was under the native rule; the probability is that it was rather less, because our Government did not take so much, I think, as the native rulers. But the first return that we have is for 1811-12, and that was what I have mentioned. From that period quinquennial settlements were ordered. From 1812-13 to 1816-17 it was 3,042,610 *l.*

1588. Do you suppose that that was on the same area?—I think it must have been on an increased area, because Kumaon and the Dhoon districts were added, so that it was rather an enlarged area.

1589. Was there much cultivated land in those districts which were then acquired?—No, comparatively not much. From 1817-18 to 1821-22 the revenue was 3,313,052 *l.* There was a considerable increase, but Bundelcund came in. In 1826-27 it was 3,333,280 *l.*; that is much the same. In 1831-32 it was 3,249,981 *l.*; there is a decrease. In 1836-37 it was 3,303,166 *l.*; there again there is a small increase. In 1841-42 it was 3,142,235 *l.*; and when Mr. Bird's settlement was completed, namely in 1846-47, it was 3,547,132 *l.*; there is a considerable increase there; about half a million.

1590. Was there any increase of area at that time?—Not at that time. But although the increase was only half a million after the very close investigation that had taken place, an immense change was made in the assessments of the different estates. It was found that under the old local governments some estates were very highly assessed; that is to say, industrious cultivating communities paid a much higher assessment than others who were not so industrious, and who, perhaps, had some interest at Court, or in some way or other managed to get off; and in this settlement of Mr. Bird's the whole was re-distributed much more equally, and there was an increase of something approaching half a million of money.

1591. But without some further explanation from you, it would seem that the rate of assessment would have been as heavy after the settlement of Mr. Bird as it was originally under the native governments?—You must remember that an immense quantity of ground was brought into cultivation during the previous 30 years, and a great many rent-free tenures fell in, and all that tended to swell the rental.

1592. As a general proposition, may we assume that the North West Provinces had been very much ravaged and unsettled immediately before the British Government acquired them, and that they enjoyed 30 years of profound peace and tranquillity subsequently?—That is the case.

1593. Would that to a large extent account for the increased power of paying the assessment, whilst the rate was not diminished?—I do not know that the rate was higher, but the quantity under cultivation was so much greater that the Government of course got a much larger revenue.

1594. I am endeavouring to elicit the result of the settlement as regards the proprietary interests; what was the value of the proprietary interest left after taking the revenue under Mr. Bird's settlement?—Under Mr. Bird's settlement the amount the Government took was two-thirds of the net assets.

1595. Therefore it would be 66 per cent., leaving 33 per cent. to the occupant or the owner?—Yes, to the owner.

1596. Was that accepted by the people at that time as a reasonable settlement?—It was generally accepted as a reasonable settlement; and the best proof of that is that the communities and country generally have prospered very much under it.

1597. In examining into the state of the tenure, what was the general result as regards the

the ownership and occupation; was it found that many people claimed to be owners who were mere tenants from year to year, or were they occupants generally claiming to be also owners without having any landlord; were the occupants generally found to claim to be owners so as not to have any intermediate landlord between themselves and the Government, or was it ascertained, in the examination of the land tenures, that there were many persons who were intermediate landlords?—Generally speaking, the mass of the villages are held by proprietary communities, who cultivate a certain portion of the village, and the rest is cultivated by cultivators without right of property.

1598. Who are tenants from year to year under the proprietary body of the village?—Yes.

1599. But apart from that, were there many other persons recognised as owners of the property cultivating through their tenants from year to year?—In every village there were a few persons who had some special rights who were termed cultivators, but either perhaps from relationship to the proprietor, though not proprietors themselves, or from being Brahmins, or from performing religious duties, or for some favour shown to them, held uninterruptedly their lands at fixed rates; but they were not numerous, although in almost every village a few were to be found.

1600. What was done in this settlement with the uncultivated lands, that is to say, the untilled lands, the natural pasture and the unoccupied land?—The untilled land culturable was left to the proprietors to break up during the period of settlement of 20 years.

1601. But were they to pay any additional assessment if they broke it up, or was it profit to them?—Entirely profit to them, the Government contemplating that at the end of the 20 years' term they would again be able to renew the assessment of the village, and if necessary to take an increase.

1602. What was done with the untillable land, that is to say the natural pasture?—It remained at the disposal of the villagers, Government took nothing.

1603. That they had the liberty of using in common for pasturage, or according to their particular rights?—During the periodical rains grass grows on those extensive barren plains, and they are used for pasturage; cattle roam about and pick up grass, but they are not culturable.

1604. But is any land revenue derived from that?—No, not in the north-west.

1605. Can you state what the result of the investigation was as to the proportion of land capable of tillage, and the natural pasture or useless land?—Yes; the cultivated area was 51 per cent.

1606. Are you speaking now of the present state of the North Western Provinces?—Yes; by the latest returns, 51 per cent. was the cultivated area, 15 per cent. culturable, 9 per cent. rent free, on which no assessment has been placed, and 23 per cent. barren waste. In the North Western Provinces there are very large plains, covered with a kind of white effloresence of soda, which we have never yet been able to bring into cultivation; if anything could be devised to bring the land so covered into cultivation a large revenue might be expected, but at present they have not succeeded in that.

Sir *R. Montgomery*, K.C.B., G.C.S.I.

21 April 1871.

1607. Does the per-centage of rent-free lands represent the lands that were held under grants of the specific character which were defined in the regulation, and recognised as grants free from land tax?—Yes.

1608. Perhaps it would be convenient if you were to go on now to state, from the period at which we stopped, what has been done with reference to the districts that have been acquired since Mr. Bird's settlement took place; I think you were going on to describe a revision of Mr. Bird's settlement?—What I was going to say with reference to that was: one of the great advantages of raising up this body of officers thoroughly acquainted with the whole revenue system was, that when Lord Dalhousie annexed the Punjaub he selected the officers for that country from the North Western Provinces, and they did not fall into the same errors and mistakes as were originally made in the north-west.

1609. What took place when the revenue administration came under Mr. Thomason?—After Mr. Bird left, Mr. Thomason took up the Government control, and completed any details that had been left unfinished by Mr. Bird; and he also prepared numerous compendious treatises, laying down rules for the future guidance of revenue officers in every possible case that could come forward.

1610. Will you state what has been done with reference to the provinces that have been acquired since the period you mentioned of Mr. Bird's settlement being completed?—The additions have not been great. They have been settled on the same principles.

1611. Were the provinces that were taken from Bengal settled under the Bengal system?—They remained as they were, and no change was made in them, the land revenue being settled in perpetuity. Mr. Bird's settlement was concluded in 1846-47 for 20 years, and the leases began to fall in about 1862 or 1863, and since then the whole north-west has again been undergoing a revision of settlements, on the same principles on which they were originally formed, but with this difference, that the proportion that the Government now take, instead of being two-thirds is only one-half. It was found, on the whole, that the two-thirds was rather more than they could perhaps very easily pay, and the Government, after great consideration, decided that it would be quite sufficient to take half the assets; they thought that the proprietary communities would flourish more; that on the whole they would be much easier and more prosperous, and they willingly agreed to take only 50 per cent. and 5 per cent. for expenses.

1612. What was the effect of the re-settlement on the amount of the land revenue?—It is not yet completed.

1613. As far as it has gone, what has been the general result?—Generally speaking there has been an increase; in some districts a very large increase; I may mention, for instance, Goruckpore. Goruckpore was a tract of country that was not highly cultivated when we received it, and in Mr. Bird's settlement it was found that if the Government had chosen they might in many cases have quadrupled, and more than quadrupled, the old assessment; that is in the

Sir R. Montgomery, K.C.B., C.S.I.

21 April 1871.

year 1846-47; but it was not considered politic to enhance the assessment too rapidly, and therefore, in Mr. Bird's settlement, although a large increase was taken from Goruckpore, the assessment was very light per acre compared with assessments in other parts of the country. Now that we are again revising the assessment, I learn we have got an increase of about 80,000*l.* from the Goruckpore district.

1614. What was the total formerly of the Goruckpore district?—In 1864, A.D., the district was found so large that it was converted into two districts, viz., Goruckpore and Bustee. It was about 240,000,000*l.*, and they have got about 80,000*l.* increase from that Goruckpore district, and even that by acreage is much less than any other part of the North Western Provinces; so that it is to be hoped that in a future revision there will be another very large increase. There is one thing that I should mention, which is very important with regard to the present settlement: by orders from Her Majesty's Government, it has been determined that in all villages in the North Western Provinces where the area of the estates under cultivation amounts to 80 per cent. of the total culturable area, they are to be settled in perpetuity; there is one proviso that no permanent settlement is to be made in any estate to which canal irrigation may be extended within the next 20 years, and the existing assets of which would thereby be increased in the proportion of 20 per cent. We have no record as yet how far this has been carried out, because no reports have come from India, but I doubt not myself but that under these orders many assessments will become perpetual in the north-west, because the estates in a great many cases have been cultivated up to almost the extreme point.

1615. Has that actually been put in operation yet; have any grants been made in perpetuity?—It has been put in operation, but we do not know to what extent it has gone.

1616. Mr. *J. B. Smith.*] In what part is it put in operation?—In ten districts a revision of the settlement is in progress. I mean the second revision; the settlements are at this present moment undergoing revision.

1617. *Chairman.*] Has any act of the Legislative Council been passed to give effect to the directions of the Government at home?—No, the orders of the Secretary of State suffice.

1618. But is it supposed now in India that the orders of the Secretary of State can limit the legislative power of the Government of India?—The order, at any rate, is not called in question by the Government of India. The orders to which I refer reached in Lord Lawrence's time, and he himself, I think, was rather in favour of the plan of having a permanent settlement where estates had been cultivated up to a certain point, and he very readily carried out the orders of the Secretary of State.

1619. This is a declaration that the legislative power in India shall not levy any tax upon the land, is it not?—I do not think that that would touch the question of the land revenue.

1620. You consider that this then is without prejudice to the legislative power of the Government to levy any tax it thinks fit on land?—The order for a permanent settlement is supposed of course to be a great relief to the people, instead of having a revision of settlement every 20 or 30 years, they should have it permanent; it was supposed that the Government themselves were giving up a great deal.

1621. What I was endeavouring to ask was, whether there being now two authorities in India, one the Executive Government and the other the Legislative Government, the Executive Government in India is still considered to have the power of restraining and preventing the legislative power in India by its own acts, and not in the Legislative Council?—That is a question that perhaps is not very clearly defined yet. It has never arisen, that I am aware.

1622. Has any provision in this new arrangement been made for the right of the Legislative Council, at all events to levy special rates?—The assessment is a matter that would not come before the Legislative Council; the Executive Government would decide, and whatever arrangement they thought necessary with regard to the land revenue, it would not come before the Legislative Council; they, as an executive government, would carry it out.

1623. But is any explanation made to the people in any way that that is done without prejudice to the powers of the Legislative Council?—I do not think so.

1624. Are you aware that in the Bombay code there is an express declaration that whatever is done under that is without prejudice to the power of Government in its legislative capacity to levy any additional taxes it thinks right?—No; I am not aware of that.

1625. At present there are those two conflicting claims, the Executive Government claiming to declare that the land shall not be subject to any charge, except a specific charge which they fix, and the Legislative Council claiming the right to impose taxes upon the land for any purpose which it thinks fit; is not that so?—It is not the case in the North Western Provinces, which we are now speaking of.

1626. Has not the Legislative Council power to legislate for the North Western Provinces?—Yes, but it is usual to complete the executive operation, and then to confirm the contract made by an Act of the Legislature.

1627. Do you consider that it has no power to levy a tax for the purpose of making roads or any other purpose?—I think they could.

1628. You consider that if it is a tax levied for any specific purpose other than the general revenues of India, it could do so?—It could certainly impose any specific tax for the local management of the country, such as roads and bridges and so on, and schools.

1629. With regard to the unsettled territory, is there not a considerable area in the North Western Provinces that is at present unsettled, and that is of great value?—All the land is included in estates. Whatever cultivable land is included in those estates remains for the benefit of the proprietors till the conclusion of the period of settlement. I am not aware of any large tracts of country of that character, except perhaps under the hills, called the Terai, and also under the hills in the Goruckpoor district. There are large extents of forest, and those I think have been separated off, and some of them given to grantees on certain conditions. I am not sure to what extent that has gone.

1630. Are there any special steps being taken now to encourage the cultivation of lands that are

are not at present cultivated?—No, no special steps further than canal irrigation.

1631. But are you aware that some time since rules were made for selling the uncultivated lands in India?—Yes, I have heard of them.

1632. Do you know what has been done under those rules in the North Western Provinces?—Very little has been sold there. I saw a return of last year, and the quantity sold only amounts to 1,200 *l.*, and the year before, I think, it amounted to 2,000 *l.*

1633. Is there any cultivation of tea or other produce on the hill sides?—In the Kumaon and Dehrah Dhoon Province there is a great deal of tea cultivation; the Government have got two tea gardens and independent persons have got gardens; and I think that they have been on the whole fairly successful. The Government undertook their plantations more to introduce the tea into the country than for any other reason. In the Punjaub, where they did the same thing, as soon as they had introduced it they sold their tea estates, and I suppose they will do the same in Kumaon now.

1634. Would those estates be subject to land assessment or would they be exempt?—They would bear the land assessment, whatever land assessment was put upon them, the same assessment as was put upon any other produce. They would not assess the estates higher because tea was grown on them.

1635. Do you attribute much of the rise of the value of the assessment to the increased money value of produce?—Certainly.

1636. As well as to the increased cultivation?—Yes; the money value of produce is rising very much; the estates are becoming every year much more valuable.

1637. Can you give us any idea, in a general way, how much would be due to the increased rise of prices, and how much to the increase of cultivation in the last re-settlement?—It would be quite a surmise: but I should think certainly 25 per cent.

1638. Assuming the whole rise to represent 100, then what proportion of that 100 would be due to the increased rise of prices, and what proportion to the increased cultivation?—Perhaps about half to cultivation and half to increase of prices. That is a mere surmise, but I should think that would be about it.

1639. You have parted with a portion of the North Western Provinces to the Punjaub?—Yes; the Delhi territory.

1640. What would be the value of that portion?—About 360,000 *l.*

1641. What I am anxious to get from you is, what would be the real money value of the increase in the assessment on the last settlement?—You must bear in mind that the assessment has not yet been completed.

1642. As far as it has gone, that would be the increase?—I have no return to show the total assessment of the districts now under revision, but there is a return showing that in five districts completed the increase has been 110,000 *l.*

1643. But upon what figures is that increase?—I have not got the figures; in four others 80,000 *l.* is anticipated; I have not got the details of the districts.

1644. But observe this, taking a general view you have stated that the rate of assessment has been reduced from two-thirds to a half?—Yes.

1645. You have also informed us that the previous gross return was 3,600,000 *l.*?—Yes, about that.

1646. Then you will observe that upwards of 300,000 *l.* has been withdrawn from the North Western Provinces?—Yes.

1647. And the present assessment is 4,000,000 *l.*?—Yes.

1648. Therefore the total, if you add that which has been withdrawn, would amount to 4,300,000 *l.*, as compared with 3,600,000 *l.*; that would be an increase of 700,000 *l.*?—Yes. It is necessary to explain that the assessments noted up to the end of 1846–47 alluded only to those made by Mr. Bird, who only settled four and a half out of eight divisions. The following will show the correct statement:—

	£.
Revenue settlements concluded by Mr. Bird 1846-47	3,547,000
Add, Benares, permanently settled districts	460,000
Add, Shansi division, three districts lately annexed	224,000
Add, Kumaon Hill Districts (non-regulation)	198,000
Add, Azmere, lately annexed	37,900
	4,466,900
Deduct Delhi division, tranferred to Punjaub in 1858	365,000
Balance £.	4,101,900
Assessment of 1868–69, as in Parliamentary Return	4,089,889
Difference £.	12,011

The increase of revenue by present revision, though collected, is not credited to land revenue till sanctioned by the Government.

1649. Then on the other hand there has been a diminution of ratio from two-thirds to a half, and that would show therefore that the actual increase of value in the assessment (not speaking now of the increased amount) is a million and a half?—A great deal of ground has been brought into cultivation.

1650. But the increase in value would amount to a million and a half a year?—Yes, I should think it would.

1651. Do you think, having regard to this increase of value, that it is desirable to fix the assessment in perpetuity?—No, I do not think so; I think it is a great loss to the Government.

1652. If the rise in prices should go on, and the other 20 per cent. of cultivation, which was the margin left, should be taken up in the next 20 years, the result would be a loss of a million a year to the revenue without altering the rate of charge?—I could not say, but I think it is a great error in the Government to fix the assessment in perpetuity. A lease of 30 years is quite sufficient; and if we fix the assessment for ever, with our expenses going on increasing, we shall be compelled to make up our deficit by putting on novel and unpopular taxes.

1653. Sir *C. Wingfield.*] You omitted, I think, in describing the settlement of the North Western Provinces under Mr. Bird, to refer to a question which was the subject of very great contention at that time, and that was the treatment of the great landed proprietors known as talookdars in the North Western Provinces. You say that the Government dealt with the party in possession as regards the assessment of the land, leaving disappointed claimants to sue in the civil court. That of course was a simple matter enough when there were only two parties claiming

Sir R. *Montgomery*, K.C.B., C.S.I.

21 April 1871.

claiming the land, one party in possession, and one party not; but where, as in the case of a superior and an inferior proprietor, there were two interests actually in possession at the same time of the same land, then by the Regulation 7 of 1822, the collector was empowered to decide which of these two parties the Government should admit to engagements; is not that so?—Yes.

1654. Then this great question arose, as to who had the best title to engage with the Government, the talookdar or superior, or the village occupants?—Yes.

1655. There were two great parties among our officials at that time; one maintained the rights of the superior interest, and the other those of the village occupants?—Yes.

1656. The result, I think, was, that the superiors were very generally excluded?—That is the case; and I may say that if I did not mention that before, it was because these talookdars formed a minority in the country, and I was describing generally what was the state of things at the time the provinces were ceded.

1657. In many districts these talookdars owned a great portion of the land, did they not?—They did.

1658. Many of their estates were very extensive?—They were.

1659. At that time I think a reaction had set in against the permanent settlement of Bengal with zemindars, and that feeling was extended towards great proprietors in general?—I think so.

1660. And the result was that many officials were prejudiced against these great proprietors?—I think so.

1661. And considerable injustice was done to many?—I think so.

1662. The idea then was, that a talookdar was little more than the channel through whom the Government revenue was paid, and that the real proprietors were to be found among the village occupants?—In reply to that I would say, generally, yes; but there were two classes of talookdars; one class had a much more permanent interest in the land than the other.

1663. I agree entirely in what you mean, which is, is it not, that those talookdars who really were the representatives of ancient proprietary families, suffered because many of their class were creatures of misgovernment, and, in fact, were originally nothing but farmers, or collectors of the land revenue for tracts of the country.

1664. But with regard to those ancient hereditary talookdars, who were chiefs of clans, and others, they suffered?—Yes.

1665. And in many cases their undoubted proprietary rights in the villages were set aside, were they not?—I should say that was the case.

1666. And that the rights of village occupants, who may have had, perhaps, in remote times, a proprietary origin, but whose proprietary rights, however, had become extinguished by time, were resuscitated, and they were replaced in possession?—They were.

1667. You recollect that Mr. Boulderson, a member of the Board of Revenue, strongly denounced the proceedings of the settlement officers in regard to these great proprietors?—Yes.

1668. He made use of this expression: "The process actually followed has been the simple one of setting aside the talookdar as one who could have no proprietary right; to regard him as the usurper of others' rights, and at once to depose him; hundreds of estates have been transferred from the holders of them for centuries to their tenants." That may be a little too strong, but there is a basis of truth in it, is there not?—There is, certainly.

1669. These excluded talookdars were, of course, at liberty to bring suits in the civil court to set aside the decisions of the settlement officers?—They were.

1670. But, practically, they entered upon these suits at great disadvantage, did they not, because the orders of the settlement officers, admitting the occupants to engage, were carried out at once, and, therefore, these men entered upon litigation stripped of half their properties?—That was the case; but in several instances they succeeded in getting back their rights.

1671. They did; but I think that in the great majority they failed to do so?—Yes.

1672. You, I dare say, recollect instances where many great proprietors lost the great bulk of their estates?—Yes, I know instances where these talookdars lost the great bulk of their property, and became a kind of pensioners. The Government set them aside; an assessment was made with the village communities, and they got a per-centage.

1673. They got, if I recollect right, 18 rupees out of every 33 rupees of the proprietary profits set aside by the Government?—Yes.

1674. But that was only to last during the period of the settlement?—Yes, and to be reconsidered at the end of the time.

1675. And I think the orders of the Court of Directors were, that 10 per cent. should be given afterwards?—I am not sure the exact sum that was laid down, but it was to be reconsidered afterwards, and to be reduced.

1676. And when you went to Oude, you were impressed with a sense of the injustice that had been done to the talookdars of the North Western Provinces, and you determined not to see the same injustice done to them in Oude?—I was much impressed with that; and there was a very strong proof that the Government of India, in having set aside the talookdars, had fallen into great error, because when the mutiny took place, and our officers were obliged to withdraw, they went for protection to the houses of these very talookdars whom we had set aside, and, during the time they were there, they saw the village communities coming and tendering their allegiance to their talookdar, and saying, "You are our owner, you are our master, and we range ourselves under your standard." That is a very strong proof that they did not value the arrangements which had been made by our Government, but preferred being under their own talookdars.

1677. You think that in the settlement of the North Western Provinces there was too violent a disruption of these associations, which had bound the feudal chief with the tenantry?—I think so. I think there was a general levelling of rights; the great desire, I think, seemed to be the greatest happiness of the greatest number.

1678. I think shortly after we acquired the ceded

ceded and conquered provinces which comprise the bulk of the North Western Provinces, the Government intended to make a permanent settlement?—They did.

1679. And in fact they passed a regulation ordering the permanent settlement to be carried out in those Provinces?—They issued that order which I omitted to have mentioned before. Lord Wellesley was Governor General; he was very anxious that the permanent settlement should be made the same as in Bengal, and he issued a proclamation that the settlement would be permanent; but of course it would require to be sanctioned by the Court of Directors. The old Court of Directors, when they heard of this proclamation wrote out in the strongest terms deprecating the settlement being made permanent, and stating that a great mistake had been made in Bengal; that the country was not nearly in the full state of cultivation, or prepared for a permanent settlement, and that on no account was a permanent settlement to be sanctioned without their concurrence.

1680. The measure was finally negatived in a Despatch by the Board of Control in 1817, was it not?—Yes, by Regulation 9 of 1812.

1681. Then at the time of the settlement of the North Western Provinces, besides fixing the proprietary rights, a record was drawn up of cultivators; that is to say, of the cultivators under the proprietors possessing rights of occupancy and of those without rights of occupancy?—Yes, there was.

1682. And the distinction, I think, was laid down, and the rule was, that men who had been in occupation for 12 years or something about that period were recorded as possessing rights of occupancy, and the others were recorded as being tenants-at-will?—Yes, that was the case; an arbitrary line was drawn; all who had been 12 years in possession were recorded as having rights of occupancy, and those who had not been so long in possession were put down as ordinary cultivators.

1683. Do not you think that that was a distinction which was entirely an arbitrary one introduced by ourselves?—I think it was quite arbitrary.

1684. The natives never drew that distinction at all?—Never.

1685. The only distinction they ever drew between the different classes of cultivators not claiming proprietary rights was between those who were resident in the village, and had been long resident in the village, and those who were non-resident, but came from adjoining villages to cultivate?—That was the general distinction.

1686. But in the treatment of the two classes they made no difference whatever?—I think not.

1687. The fact is that at that time the want was of cultivators; a cultivator was too valuable a person to be ill used?—Yes.

1688. It is only since the population has increased and land become very scarce that any contention between cultivators and peasant proprietors has grown up?—Generally, I should say so.

1689. In the district of Goruckpore you mentioned a great increase of the land revenue. It is a curious circumstance that this is the district that has given a very great increase, and in this district there are 20 miles of a small canal, and there are not 100 miles of metal road; so that all this increase has simply been owing to the circumstance that there was an immense amount of waste land which has been brought under cultivation?—That is the case; and beautiful soil and water close to the surface generally.

1690. Mr. *Fawcett.*] Natural water?—Yes.

1691. Sir *C. Wingfield.*] I gather from a reply which you gave to the Chairman that you are opposed to the principle of a permanent settlement; that is to say, to the Government tying up its hands and precluding itself from all future increase of the value of the land revenue?—I feel sure myself that it is a great error.

1692. Especially at a time when we are spending, or may spend, some 200,000,000 *l.* in railways, canals, and in other works which must enormously develope the productive power of the land?—I quite agree in thinking that it is a great error.

1693. Mr. *Beach.*] In the case where land is free from land tax it would be considered almost a breach of covenant on the part of the Government to impose anything except a mere cess for local purposes, would it not?—It would be quite a breach of faith; it could not be done; Government would never think of doing it.

1694. It is only about 9 per cent., I think you stated, of the land which is rent free?—Yes.

1695. Is the term of 30 years a satisfactory one generally to the cultivators?—I think it is quite satisfactory; the people are well satisfied with a 30 years' lease.

1696. In case of any smaller term I presume there would generally be a bar to improvement from the expectation of a fresh revision taking place?—It would be so to a certain extent, certainly; the longer lease would, I think, enable them to improve their land and derive the benefit from it.

1697. Do you think that where the 30 years' leases have been granted, there is a general disposition to improve the land?—Certainly.

1698. What is the general size of the small tenancies to which you have referred?—I think about four acres in the North Western Provinces; that is about the amount of each cultivator's holding.

1699. Where the amount was received for the redemption of the land revenue or for waste land sold, it went to the financial purposes of the year, did it not?—I think in the North Western Provinces hardly any land has been sold.

1700. A little waste land, you said, had been sold?—Yes; but I do not know what was done with the money. It was a very small sum, and I have no record of what was done with the money.

1701. Sir *D. Wedderburn.*] I suppose that, owing to the security afforded by our Government, there has been a very complete change in the relations between the great talookdars and the cultivators, from the increase of population and the consequent competition for holdings?—Yes, I think so.

1702. Then would not that render it necessary for the Government in its general policy to take a more favourable view of the case of the ryots where differences arose between the two classes,

Sir R. Montgomery, K.C.B., C.S.I.

21 April 1871.

because every year the position of the ryots with respect to the talookdars became less favourable?—In what way, may I ask?

1703. That instead of being bribed almost to come from one part of the country to another, they have now to subject themselves to far less favourable conditions in order to obtain a farm or a holding, and therefore they are somewhat like the Irish tenants, in a much less favourable condition than they were when the country was less settled and less prosperous?—I do not know that has gone to any great extent yet; it may be more the case hereafter, but at present there is still a margin left.

1704. Mr. *Fawcett.*] I understood you that about 10 per cent. of the whole land in the North West now is subject to this permanent settlement?—I did not say that.

1705. What portion has been subject to it?—We have no return yet of the new operation.

1706. Can you give any estimate?—No; we have no return of any kind from India showing to what extent the leave to introduce the permanent settlement has yet gone.

1707. Is more land each year in the North West being brought under the permanent settlement; is the practice of bringing land under the permanent settlement still going on from year to year?—So far as the orders issued by the Secretary of State, that when 80 per cent. of the culturable land is cultivated, there shall be a permanent settlement, it certainly is going on.

1708. And that order is still in existence?—Yes.

1709. Such a record as I have asked for could be obtained, I suppose?—It is not in the India Office here.

1710. Could it be got from India?—Yes.

1711. When was that order issued?—In 1862.

1712. Who was then Secretary of State for India?—Sir Charles Wood.

1713. Am I to understand then that an order issued from the India Office like that is not subject in any way to the control of the Legislative Council?—In no way.

1714. The Legislative Council is the only assembly in which the people of India are at all represented, is it not?—The only one.

1715. Therefore, with regard to an important order like that affecting the revenue of India, you may generally say that the people of India have no voice?—They have no voice.

1716. You estimate the loss of revenue in a few years, from this permanent settlement, to be over a million?—No.

1717. I mean that the possible increase might be over a million?—We have no data to form an opinion, but judging from Goruckpore might be a quarter of a million.

1718. As far as I understand you, you condemn, in the most unequivocal way, the permanent settlement?—Yes.

1719. You would agree, in fact, with all the condemnation expressed of it by the President of the Board of Control in 1817?—I have not read the order issued then, but I certainly should agree in thinking that it is a mistake.

1720. Then, speaking generally, we are repeating in the North West the blunder committed by Lord Cornwallis in 1793?—There is this difference: that when Lord Cornwallis made his perpetual settlement in Bengal we were perfectly ignorant of the state of the country, of the state of the cultivation, of the state of the rights of the proprietors, cultivators, and so on. Now we have a full knowledge of everything connected with the details of the estates, and we have laid down the rule that only under certain conditions shall a permanent settlement be made, and cultivation is in a more advanced state.

1721. Then I understand you that Lord Cornwallis blundered, and may be excused for his blunder, because he had no experience to guide him; but that the India Office in 1862 blundered, having the experience of 60 years to guide them?—I never permitted myself to say that the India Office blundered; but as a private individual, I think it was an error. There are a great many authorities, amongst others, Lord Lawrence, who is a great authority, who are in favour of this permanent settlement, and opinions are much divided about it. My own individual opinion is, that it is a mistake; but on the other hand, a great many men, who are excellent judges, consider that it is a politic thing.

1722. According to your own experience it was a blunder?—I have already given my opinion.

1723. Do the cultivators, who are affected by the permanent settlement, pay the revenue direct to the Government, or does the Government obtain it from any intermediate persons?—There has been no permanent settlement yet completed in the North West, except the Benares districts, although leave has been given that under certain conditions there may be a permanent settlement.

1724. Then this order which permits that a permanent settlement may be introduced applies to the whole of India?—Yes, in the Presidency of Fort William.

1725. One of your objections, of course, to the permanent settlement, is that from your experience of India, you observe that a rapid and continual rise of prices is going on, and that being the case, the Government revenue gradually becomes less valuable?—Yes.

1726. And the greater the rise in price the more disastrous is the permanent settlement?—Yes.

1727. In Bengal, owing to the great rise in value of land, and in the increase of prices, we only now get, do we not, about one-fourth of the revenue which we might have got from the land if it had not been permanently settled?—I believe that has been the estimate; but I think that there is no very certain basis to go on. There is no doubt, however, that we do not get anything like what we would have got under other circumstances.

1728. You have said that one result of that permanent settlement would be, that we should gradually lose the land revenue, and should have in place of that land revenue to levy taxes onerous and vexatious to the people of India?—I think so.

1729. Have any such taxes as those been lately levied in the North Western Provinces in consequence of the financial exigencies of the Government?—I think in the North Western Provinces the landholders have not yet been touched

touched further than the new settlement now being made. Supposing the net assets of an estate to be 1,000 rupees, the value of the land revenue will be 500 rupees. Half per cent. is put on for the road fund, which is five rupees; half per cent. for the school fund, which is five rupees; one-eighth per cent. for the postal department, which is one rupee four annas; and three seven-eighths for municipal purposes, that is, to police, town improvements, and sanitary purposes. Altogether 550 rupees are taken, and that is taken from the landholder, but nothing beyond that.

1730. I was not referring so particularly to taxes falling on land, but I understood you that the financial exigencies of the Government were gradually becoming such, that besides raising a revenue from land, they would have to raise novel and vexatious taxes; could you enumerate any such taxes?—It is now under contemplation to raise them, but nothing is yet decided.

1731. Could you mention any such taxes now in contemplation?—I think they talk of a license tax; they talk of a tax on marriages, and they talk of a wheel tax.

1732. That wheel tax is to tax a carriage in proportion to the number of its wheels, I suppose?—Yes.

1733. And those taxes are necessitated, you think, to a considerable extent, by the sacrifice of revenue in consequence of the permanent settlement?—No; the permanent settlement not yet having come into operation, and we not knowing to what extent it may come into operation, these taxes have nothing to do with the permanent settlement, but the Government are requiring certain extra things done now, and they consider that the inhabitants should be rated to make up the deficiency.

1734. Do you think that such taxes as those which you have just mentioned are ill suited to the habits of the people of India, and would be extremely vexatious?—I think that probably a great deal would depend upon how it was done, and whether the natives were taken into consultation or not. If it was done with a high hand, without consulting them in any way, I think it would probably in many ways be very unpopular; but if the natives were taken into consultation, I have no doubt myself that there are several ways in which they might suggest that taxation might be levied, and which would not be so distasteful to them.

1735. But as I understand you with reference to any arrangements affecting revenue, they are not consulted at all now, because an edict is sent out from Westminster or from the India Office?—They are not consulted at all; but the order emanating from the Home Government has been in favour of the people.

1736. A question was asked you by the honourable Member for Hampshire with regard to the proceeds of the sales of waste land; you say that they are small; but could you, next time you give evidence, furnish us with any account showing whether those proceeds of sale have been devoted to revenue or to capital?—I have no doubt that I could ascertain that.

1737. Have the proprietary rights of the Government in these forest lands, the Terai lands under the hills, been sold, or the right to levy the revenue?—The proprietary rights have been sold in some instances, including the claim of Government revenue on the land.

1738. You will furnish us next time with the manner in which the proceeds of those sales have been appropriated?—It can easily be ascertained.

1739. Mr. *J. B. Smith.*] Am I correct in supposing that the first settlement in the North Western Provinces was for 20 years?—Yes; Mr. Bird's settlement was for 20 years, or till the new settlement.

1740. But that the present settlement is to be for 30 years?—The orders of the Home Government are to make a perpetual settlement under certain conditions, otherwise the settlement is for 30 years.

1741. Has any arrangement been made to protect the rights of the ryots in cases where it has been decided that the land belonged to the talookdars; that the talookdars shall not charge beyond a certain rent?—Yes; or I might say, more correctly speaking, that with regard to the old proprietary body on the estates, beyond a certain sum, is not to be taken from them during the period of settlement.

1742. Then the ryots will participate in any advance in prices along with the talookdars?—The ryots are of two classes: those who have rights to hold at certain rates would participate, but where the cultivators have no rights beyond a lease of the year, they would not.

1743. And no provision was made for them?—No provision was made for them.

1744. In that respect they are on the same footing as the Bengalees?—Yes.

1745. You have expressed a very decided opinion against a permanent settlement; what is your opinion of the policy of selling land free from all revenue?—My opinion is quite against it; I think it would be better not to do so, because I think we might go on until the whole land was sold, and there would be no revenue. After all, the Government look chiefly to the land for revenue, and if they were to forestall it, and to get the money and spend it, it would be a very disastrous thing eventually. I think that the redemption of the land revenue has been stopped. You are not allowed now to sell the land assessed with revenue, except under special circumstances. I believe they allow sites for houses and gardens, and perhaps tea plantations might come in also to be sold; but the land revenue for estates generally is not to be sold.

1746. In all cases where the land is sold, how do you think the money ought to be appropriated?—It ought to be invested in Government securities, I think.

1747. It ought to go in discharge of the debt, and not be spent as revenue?—Certainly.

1748. Sir *T. Bazley.*] During the 30 years of peace of the North Western Provinces, has the condition of the people very palpably improved?—Certainly. Their houses are better, their clothing is better, and they are more comfortable in every way.

1749. Is their food pretty abundant?—Yes; and altogether they are greatly improved.

1750. Have they any other resources than those of agriculture?—The mass of the people are agriculturists. I think that out of 30 millions of inhabitants in the North West, 18 millions are agriculturists;

Sir *R. Montgomery*, K.C.B., G.C.S.I.

21 April 1871.

agriculturists; that would leave 12 millions of non-agriculturists.

1751. In what may the 12 millions generally be employed?—They would be shopkeepers and traders, and labourers and soldiers, and servants of different kinds, and mechanics, and so on.

1752. Are they celebrated for any manufactures of any kind?—Their cloth manufacture was very good until the English cloth undersold them; and even now they prefer their own manufacture, because it is much more durable than English cloth; still English cloth is so very much cheaper, that it has almost ruined the trade in their own manufacture.

1753. Of what material has the cloth been composed that you speak of?—I mean cotton goods.

1754. Do these surplus products of any kind of manufacture go into the neighbouring states as exports?—I do not know that manufactures are exported to a great extent. Brazen vessels are made to a very great extent; they are exported a good deal into foreign territory; and cloth to some extent.

1755. Any sugar?—Yes, agricultural products; sugar and grain, to a very great extent; and cotton.

1756. Do they send much of their agricultural produce out of the North Western Provinces?—Yes, they do; they send it both down the Ganges and down the Jumna, and especially of late years they have done so much more. They are learning the prices at the different places by telegraph, and they watch them as you watch them in this country, and they send the produce wherever they get the best market for it.

1757. Then they are enriching themselves?—Certainly.

1758. Mr. *Lyttelton.*] I suppose we may assume that the system of the permanent settlement has been recommended by the Home Government for political, more than for economic reasons?—That is one of the causes, I think, for recommending it; but I very much question whether the benefits are not much outweighed by the ill effects, I might say, in the decrease of revenue, because a 30 years' settlement is a very long lease, and the persons who would benefit by that 30 years' settlement are the proprietors who are comparatively a small body, whereas the great mass of the people will have to be taxed hereafter to make up the deficiency of the income; so that I think, on the whole, my opinion is against the permanent settlement.

1759. But, speaking of the proprietors alone, is it found that a system of permanent settlement gives them a stronger interest in the stability of our Government than a system of limited settlement?—I do not think that, practically, that has been found. I do not think that there are any more loyal people than the Sikhs in the Punjaub, or I might say than the North Western Provinces; and they have hitherto not had a permanent settlement; they are quite as loyal as the Bengal people, who have had it for 100 years.

1760. With regard to another advantage claimed by the advocates of the permanent settlement, namely, that a permanent settlement prevents the deterioration of the land towards the close of the term of settlement, is it found that that is the case under a limited settlement?—Not to any extent.

1761. Not with the 20 years' settlement?—No; I think the people have confidence that the Government will only take a fair share of the net assets, and I do not think that they do what you allude to. Besides, if the Government officers found that lands were at all thrown out of the cultivation for the purpose of deceiving the Government, they would be wise enough to see it, and would not give them, the proprietors, the benefit of it.

1762. Why has the term been increased from 20 years to 30 years; was that independent of considerations connected with that deterioration?—The Government considered that it was desirable to give them a longer lease; it saves moreover a great deal of trouble, because at each revision of settlement you have to send surveyors and an army of officers to look over the country and to re-measure the estates; a great deal of expense is entailed upon Government, and a great deal of inconvenience upon the people; and upon the whole it is considered better that it should be a 30 years' settlement; it is a more favourable one for the people.

1763. Is it expected that the longer lease will stimulate agricultural improvement?—I should think so.

1764. To a greater extent than a more limited one?—Yes; I think they take a greater interest in it in the way of expending capital.

1765. Mr. *B. Denison.*] Referring to the question of the treatment of the talookdars, was there not at the time when the revenue settlement of the North Western Provinces was in its infancy, a political reason at the bottom of that policy; was it not considered by those who were responsible for the administration that it was impolitic to have a large number of powerful talookdars?—No, I am not aware of that.

1766. You believe it to have been simply a mistaken notion of their rights?—I think it was a particular view that the Government took at that time.

1767. With whose administration should you particularly identify that policy of breaking up the talookdars?—Well, I should suppose it may be attributed to Mr. Robert Mertins Bird.

1768. It was not a policy which emanated either from the old Court of Directors, or yet from the Supreme Government?—I think not; but no doubt it was reported both to the Supreme Government and to the Court of Directors, and they must have been aware of it.

1769. You spoke of the talookdars as being absolute proprietors of the soil; was it not the case in many instances, both in the North Western Provinces and in Oude, that they were simply mediums for the collection of the Government revenue?—In some cases in the North West that certainly was the case, but to a much less extent in Oude; in Oude they were more generally old established proprietors who possibly may have got grants of land in former times, and brought it into cultivation themselves, and increased their estates in different ways by purchase; and in many cases under the native government the small proprietors of villages finding that the talookdar was a powerful man, ranged themselves under his standard for protection,

tion, and probably for generations, as it were, attached themselves to particular talookdars; they considered that they belonged entirely to the talookdars.

1770. On our first occupation of the province of Oude in 1856, the policy of that day was to imitate the policy of the North Western Provinces, and to break up the talookdars, was it not?—Yes, the talookdars were set aside.

1771. After the events of 1857, that is to say, after the Rebellion, did you reverse that policy; did you reinstate the talookdars?—Yes; I was instrumental in reinstating them. Lord Canning was aware, and I think was sensible, of the mistake that had been made, and when he confiscated the whole province it enabled him to make fresh arrangements, and such arrangements as he thought best, and he reinstated the talookdars in the position that they had before we annexed the country.

1772. As regards cesses on rent-free tenures, have you known of any difficulty, or have you had any difficulty, in any of the North Western Provinces, the Punjaub or Oude, in obtaining road cess or education cess from rent-free tenures?—I am not aware of any difficulty in that respect.

1773. But the objection, at all events, has not been allowed?—No, I think not.

1774. One of the witnesses who have been before the Committee gave it as his opinion that where a local improvement could be shown to be to the immediate advantage of the proprietors of the soil, they would not object to a special cess for the promotion of such works; have you any opinion on that subject?—Well, it depends upon how it is carried out. If it is carried out in communication and in concert, I may say, with the people, and they had the means of doing it, I think they would very readily enter into it. But, generally speaking, in India we set aside the people altogether; we devise, and say that such a thing is a good thing to be done, and we carry it out without asking them very much about it. I think that if they were consulted and brought more into our counsels, if I may say so, they would be very willing, certainly, if it were anything improving their own property, to enter into it.

1775. At all events, the experiment might fairly be tried?—Certainly.

1776. In the case of a tramway, or a short railway, and so on?—Yes; the agriculturists generally are very poor, but as far as they can go, I think they are becoming very much alive to all these tramways and railways.

1777. Has it come within your knowledge that a water rate must be demanded from proprietors who have not used the canal for which it was demanded?—There was a proposal, I think, that such should be the case; but I do not think it was carried out.

1778. Is agriculture at the present day very much in the same state in Upper India as you knew it 30 or 40 years ago, or do you think that it has improved?—I think it has improved; I think people are more alive to the value of manure than they were. Although it is very much in the same state; I think, on the whole, there is an improvement.

1779. You do not know whether there are any statistics showing the comparitive yield of the soil per acre?—No; comparing the past and present, I am not aware of any such statistics.

1780. Then, in any future settlement, the increase of land revenue that the Government might hope for would come more from culturable land having been brought under cultivation than from an enhanced yield of the soil?—Yes, but there is no question whatever that prices will rise, and are rising very rapidly; and if prices rise, I think Government would get the advantage, or a certain proportion of the advantage.

1781. But speaking generally, the science of agriculture does stand still?—I think there is an improvement, but still the improvement is not very great, and I think that they would readily take up any improvement where it could be shown that it really was an improvement. I think that we try to introduce many of our English ideas which utterly fail there. The Agricultural Society of Calcutta, and different local agricultural societies, have done a great deal, but the real improvement perhaps is not great, further than that they have introduced better seeds of all kinds. In that way, I think, improvement has taken place, but I very much doubt whether the actual cultivation of the land has greatly advanced, notwithstanding that the Government have desired to improve it, and do all they can to advance and improve it.

1782. Speaking generally, the land in the neighbourhood of a hamlet or a village is more highly cultivated than land at a distance, owing to the proximity of manure, is it not?—Far more; it is much more rich.

1783. *Chairman.*] What do you consider the proportion of the present production of the land to be generally as compared with what it would be if it were well cultivated in India; have you any idea?—I could not give an idea. After all, water is the great thing.

1784. I am speaking of it apart from water; what is the result of any experiments made to ascertain the ratio of the present production as compared with what it would be if the land were well cultivated?—I do not know that, but I know so far, that if a man were to attempt to cultivate the ground we will say, as an English farmer, his expenses would be so great that it would not pay him; but the Indian cultivator, with his simple way of cultivating it, would make ground pay where certainly an English farmer would not.

1785. Is it the practice to repeat crops till the soil is exhausted, and then let the land lie fallow?—I think the Indian cultivators are admirable cultivators; you would be surprised if you could see the sheets of beautiful cultivation.

1786. Mr. *B. Denison.*] Have you any knowledge of estates in India managed entirely by Europeans?—None.

1787. Then you cannot institute any comparison between the cultivation of Europeans and that of Indians?—No, but I know this, that there have been great efforts made by different societies to try and improve the mode of cultivation; and I must say that I have not hitherto seen that they have succeeded; they might succeed by introducing better seeds. I think that where the cultivators fail is, in sowing the same seed year after year. But what is

Sir R. Montgomery, K.C.B., C.S.I. 21 April 1871.

being done largely in India, is this, they are selecting the indigenous seeds of the country, not taking seeds from America, and other places, for they find that does not answer, but selecting the best indigenous seed of the country, and using that for sowing, and they find that that improves the produce very much.

1788. Perhaps you could get for us, if you have not got it here, what the yield per acre of wheat is in India, on the English measurement?—I think I could probably get an approximation to it.

1789. One of your colleagues told the Committee that, according to his experience in the permanently-settled provinces of Bengal, the proprietors were a thoroughly stagnant and unimproving race of men, and did nothing whatever for the improvement of the land; is that your own opinion, and your own experience?—I do not know anything of Bengal.

1790. In the provinces of which you have immediate knowledge, should you say that the proprietors are in any degree an improving people?—I should say they were a very improving people. The proprietors of villages are extremely improving, and quite ready to advance their own interests in every way possible, with regard to improving the land, and ready, in fact, to take up anything that would improve it, if it is proved to them that the land would be improved by it.

1791. Do you consider that the proprietors of the Punjaub are in advance of their fellows in Oude and the North Western Provinces?—No, I do not think so; I think that they are all very much alive to their own interests, and that where they get a fair investment and good titles, they will go on improving their land to any extent.

1792. Supposing that they had the command of a larger capital than they have (you have said that they are poor in that respect), do you believe that anything would induce them to lay out money on their land in the shape of manure, for instance?—Yes; and I think they would sink a great many more wells for irrigation were it necessary, and improve the land.

1793. Is such improvements as does take place brought about by the actual cultivators or by the proprietors?—Generally by the proprietor, I think, and occasionally by the cultivator. In that case the cultivator would make some arrangement that he should enjoy the benefit of that improvement for the time. If it was not regularly drawn out in a deed, it would be an understood thing.

1794. I think you have told the Committee that the orders as to the redemption of the permanent land tax still holds good at the option of the local government?—I never said so; if your remark applies to the permanent settlement of the land tax, my reply is that the local government finding estates in the condition in which it was laid down that a permanent settlement might be made, would report it to the Supreme Government, and it would require the confirmation of Her Majesty's Government in this country.

1795. But is your interpretation of the order this, that it is obligatory upon the local government, wherever the cultivation has arrived at that 80 per cent. of the culturable land, to report the estates for a permanent settlement?—Yes, that is the case.

1796. Then as regards the North West Provinces, almost all the land in the Benares Province was permanently settled, was it not?—Yes; this order does not extend to the already permanently settled provinces, but to the temporarily settled provinces; Benares was transferred for administrative purposes to the North West Provinces, but it is permanently settled; there are four districts that were transferred from Bengal, Benares, Jaunpore, Mirzapore, and Ghazeepore, and these orders do not apply to them.

1797. Is there at this moment a strong difference of opinion in the Home Council as to the policy of that measure of the permanent settlement?—The orders were issued about eight years ago, and at that time there was a difference of opinion, but I think the majority were in favour of the orders that were issued; and I have no doubt that the authorities in India were consulted at the time, and when all the opinions were heard they determined that it should be permanent. It was done, I imagine, after great consideration, and certainly the idea was to benefit the people.

1798. Then there is no question at the present day of reversing those orders?—I have never heard them brought in question, and indeed it was only lately that I became aware that the orders were as precise as they were as to the permanent settlement.

1799. You have told the Committee that, speaking generally, you are personally entirely opposed to that policy?—Quite so.

1800. And I suppose that in a case like that of the Central Provinces, of newly acquired territory, that policy would be disastrous?—Quite so.

1801. Mr. *Lyttelton.*] Is not the order a dead letter in the rest of India?—I cannot say; in fact we do not know to what extent it has gone in the North West; in the Punjaub it certainly is a dead letter, it has not been carried out there at all.

1802. Mr. *B. Denison.*] The Home Government, as I gather from you, are not furnished with periodical reports each year, showing the extent to which this settlement is carried out?—They are furnished with periodical reports, but I imagine that no districts have yet been completed and reported to the Supreme Government, and therefore they have not come to the Home Government; and before they can be finally sanctioned as permanent it is necessary that they should have the sanction of Her Majesty's Secretary of State.

1803. At the time that this policy of a permanent settlement was carried out, was there not also an ulterior intention of redeeming the debt of India by selling the lands?—I think there was.

1804. In fact that was the origin of this policy?—I cannot say that it was the origin of the policy, but there certainly was an intention of paying off the debt by redeeming the land tax.

1805. Do you remember a Despatch of the present Lord Derby's, when he was at the India Office, to that effect?—No, I do not remember it; I was not here at the time.

1806. Your

1806. Your own opinion is adverse to the selling of the land?—Certainly.

1807. From political considerations, or from considerations affecting the future of the people of India?—I think from considerations affecting the Government, because if the land tax was redeemed, and it went to any extent, it might become a very serious thing, and the Government could not be carried on.

1808. Do not you think that probably, and almost certainly, if the permanent land tax of India was redeemed by the proprietors, the future Governments, for the purpose of government, would impose taxation?—Certainly, they must do so.

1809. And from that point of view the redemption of the tax would be disastrous to the people of India, would it not?—Yes; I think so.

1810. And fraught with political danger also?—I think so, because the land tax is a tax that they pay as a matter of course; it is according to their own ideas; they have done it from generation to generation, but taxes such as we would put on are novel and distasteful to them, while they make no difficulty about the land tax.

1811. Mr. *Fawcett.*] You would define land tax as rent, would you not, in distinction from any ordinary tax?—Yes.

1812. Mr. *B. Denison.*] You are aware, no doubt, that the public debt of India, with some small per-centage, say, 10 or 15 per cent., is held by Europeans?—A great portion of it.

1813. And if the debt were to any considerable amount redeemed, the burden of the capital of the debt would be transferred from Europeans to the people of India, leaving India to all the chances and mercies of future Governments?—Yes.

1814. Then neither on political nor on economic grounds do you recommend the redemption of the permanent land revenue?—That is so.

1815. Do you know whether that policy has been carried out to any extent of redeeming the land tax?—To no great extent, if ot all.

1816. Mr. *Grant Duff.*] This portion of the permanent settlement in the North Western Provinces has been carried out under Sir Charles Wood's Despatch of 1862, has it not?—Yes.

1817. Nothing further has been done in that direction since you have been at the India Office, has there?—Nothing further.

1818. That policy has not been carried further?—It has not.

1819. Mr. *Fawcett.*] But may I ask whether anything can be done to carry out the policy further; the order is in existence and operation; it does not want anything else, does it?—The Secretary of State could reverse the order.

1820. Mr. *Grant Duff.*] My question was whether anything further had been done in that direction; by which I meant whether any further orders had been sent out in that direction?—None to my knowledge since then.

1821. You find no other objection, do you, with the land revenue system in the North Western Provinces, except that one?—No further objection. I think it has been wisely and fairly done.

1822. And you are satisfied that, on the whole, after various, unsuccessful experiments we have at last got a land revenue system in the North Western Provinces which is fair to the possessors of land, and at the same time fair to that large portion of the population which does not possess land?—I think so; fair and very just.

1823. For a considerable number of years, of course, we shall have no increase of land revenue in the North West Provinces, but at the end of the present settlement do you think that we shall have a considerable increase?—A considerable increase if the permanent settlement does not largely come in; we do not quite know how far it may extend; but if the permanent settlement does not come in, there will be a considerable increase.

1824. Mr. *B. Denison.*] I omitted to ask you if you can tell the Committee at how many years' purchase land has been sold in the redemption of the permanent land tax?—I first of all must say that I do not think the land revenue has been redeemed to my knowledge at all in the North West. I think that in certain cases garden sites and houses, and so on, have been redeemed by 20 years' purchase; but I am not aware that the land revenue anywhere has been redeemed in the North West.

1825. *Chairman.*] Your impression is, that where the proprietary rights have been sold they have been sold subject to the land revenue?—Yes.

1826. Mr. *Bourke.*] I have heard, and seen also in print, that under the order of 1862 of Sir Charles Wood, in some parts of India the permanent settlement arrangements contemplated at that time have become a dead letter, and that in other parts of India they are in full force and effect, and that they are now being operated upon to a certain extent very largely; is that the case?—So far as I know in the Punjaub, with which I have a considerable acquaintance, there has been as yet no attempt made to have the settlement fixed in perpetuity; but in the North West, which I am now being examined on, I have heard that the local government are quite prepared to carry out the orders of 1862, and are now prepared to report to what extent it has been done.

1827. But as I understood your evidence, you do not approve of that policy?—I myself do not approve of it.

1828. Do you think that it would be expedient to put a stop to that policy where it has been carried out?—Well, if I state my own private opinion, my own opinion is that the order was an error. It was well meant, but I think it was an erroneous policy.

1829. And politically, do you think that there would be any difficulty or danger in putting a stop to that permanent arrangement going further in localities where it has been put in practice?—Where it has been actually put in practice, and the promise has been made, of course that could not be done; but where it is only under consideration, I think there would be no difficulty in doing so.

1830. Mr. *Fawcett.*] Can you tell the Committee exactly how it comes to pass that if this order of Sir Charles Wood has been in operation for nine years, we have no record at the India Office showing to what extent it has been carried out?—Yes, I can; because it could not be done till such time as the revision of the settlement commenced. Now the estates generally did not come under revision before 1864 or 1865, and the settlement of districts takes a long time;

Sir *R. Montgomery*, K.C.B., G C.S.I.

21 April 1871.

they require to be measured, and rights have to be gone into, and the last thing of all is the fixing the assessment. It takes several years to complete a tract of country, and these recent orders are of course extremely important. It is required that the matter should be looked into with great consideration, and thoroughly investigated in every point; and I can quite understand that they were not in a position till about this time to report; and I believe that in a very short time we shall have a report to what extent it has been carried out.

1831. You said that you thought it of great importance that the people of India should be consulted, and that if they were consulted with regard to arrangements for local taxation, many of their objections might be removed; have you any plan to propose; would you suggest any kind of representative assembly?—I think they would be most valuable as a consultative assembly. I would not give them the power to legislate, but I think that if each local governor had a consultative native body, which he would select from year to year, or from time to time, and before which he would put certain points or questions, whether on taxation or any law, which might affect their welfare generally, he would get a most excellent opinion from them; and with that opinion, and the opinions of the officers of the local government, he would be able to arrive at the right decision.

1832. Therefore you propose that these local consultative bodies should be entirely nominated?—Yes, I would give no power of election.

1833. You do not think that the people of India are ripe for the election of representatives?—No; I think that the local governor would select the best men from particular parts of the country, and at first certainly I would go no further than having a certain body before whom he would have put certain questions.

1834. We may distinctly understand that up to the present time this order by Sir Charles Wood as to the permanent settlement, which you have described as so unfortunate, is in full force, and nothing has been done by the India Office to limit its operation?—Nothing has been done to limit it, nor have we had any report yet to what extent it has gone.

1835. Mr. *Lyttelton.*] Am I right in supposing from what you have said, that the re-settlements are nearly completed?—I think I said the revision of 10 districts was completed, but they were not reported; they require to be reported for sanction, and they have not yet been reported.

1836. The assessments are still subject to revision?—Yes, till such time as confirmed by the Government.

1837. Mr. *B. Denison.*] In answer to the honourable Member for Brighton, you said that you had no knowledge of other taxes being laid on the landowners; the income tax you have not taken into consideration?—I thought the question meant local taxes for local rating; the income tax, of course, has been imposed.

1838. Do you know whether, in the view of the landowners, the extension of the income tax to them was looked upon as a breach of faith?—It was not looked upon as a breach of faith, but it was considered as a great hardship.

1839. *Chairman.*] In the accounts of the expense of collecting the land revenue in the North Western Provinces, I see that the total is given as 417,221*l.* for the year 1869-70; that is made up of three items; the first of which is 274,771*l.* for "collectors of revenue, salaries, establishment, and contingent charges." Do you know whether that is the whole expense of those charges, or whether it is only an allocation of that portion of the expenditure upon the establishment which is supposed to pertain to the land revenue?—It is an apportionment; a moiety.

1840. The rest being charged to the administration of justice, or police?—Yes.

1841. Then I see the next item is 38,988*l.* for "charges on account of Khas Mehals;" is that an expenditure for the management of the properties which are in possession of the Government, as if they were the owners, from some cause or other as contra-distinguished from property ordinarily assessed for the land revenue?—I really have no personal knowledge.

1842. Supposing the Government held any such property in the villages, would the villages be able to purchase it back?—They would have a prior claim over others.

1843. Then the next item is "Revenue, survey, and settlement charges," 103,462*l.*; that item will continue as long as the settlement is going on, I presume?—I think so.

Sir CHARLES JOHN WINGFIELD, K.C.S.I., C.B., a Member of the Committee; Examined.

Sir *C. J. Wingfield*, M.P., C.B., K.C.S.I.

1844. *Chairman.*] WILL you be good enough to state what offices you held in India?—I rose in the ordinary gradations, in the North Western Provinces, to be a Collector and Magistrate. Then I was transferred to Oude, as one of the Commissioners of Divisions. Then, on the mutiny, when I made my escape from the mutinous troops, I was ordered to take political charge of a division of Goorkha troops, who had been sent to the aid of our Government, and with them restore order in the revolted districts on the borders of Oude. Having been engaged in that occupation for about a year, I was, in the beginning of 1859, appointed Chief Commissioner for the Government of Oude, a post in which I remained till the beginning of 1866, when I resigned the service of the Government.

1845. Will you be good enough to state what was the condition of Oude, in regard to the raising of the land revenue there at the time of the acquisition of the territory by the British Government?—Tracts of country were leased out to farmers and contractors. There were also the native collectors, called nazims, in charge of particular districts of the country; they are either sub-let, or collected direct from the talookdars and village communities. Then it was very common, if a regiment of troops was in arrears of pay, for them to have a district assigned them to collect their pay out of. In fact, it was the same system that prevailed under all native

native rulers, and particularly under weak native rulers.

1846. There was some intermediate agent between the Government and the person who actually paid the revenue, who became responsible for the collection of it?—Yes.

1847. What was done with this system when the British Government took possession?—When we took possession we displaced the native functionaries entirely, and appointed our collectors and deputy collectors to do their work, and to take their place. First of all, on occupying the country, it was necessary to make a temporary arrangement for the revenue; and as the winter crop was being cut, we had to make arrangements with the parties in possession for the payment of the revenue on that winter crop; that was done in about a month's time. Then we proceeded to make a settlement for three years, or until a revised settlement could be made. In pursuance of that design, we proceeded to carry out a settlement on the same principle as the settlement in the North Western Provinces (as recently described by Sir Robert Montgomery as having been carried out under the orders of Mr. Bird) was effected; and according to the policy that was so highly in favour then of setting aside the superior proprietors or the great chiefs called the talookdars, the settlement was made mainly with the village occupants. To such an extent was the system carried of ousting these talookdars, of disregarding their proprietary rights, and treating them as merely channels for the payment of revenue, that I think they lost about half their estates.

1848. But had the class that you call talookdars previously been regarded as the owners, subject to the rights of the occupants?—Entirely. The native government had taken its revenue direct from the talookdars; many of them were not in the least under the orders or control of the governors, or native servants of the Government; they exercised a semi-independence, paid their revenue into the Treasury at Lucknow, and were not interfered with at all, but had plenary jurisdiction on their estates.

1849. Did they pay a fixed sum, or was an assessment made on them from time to time?—From time to time; but generally it was light, because you could not get a heavy assessment from them; they had their forts and their guns, and if you demanded from them more revenue than they liked to pay, they resisted, and would hold out, and perhaps defeat the Government troops.

1850. But as between them and the persons who held under them, was there any definition of rights?—None whatever under the native system.

1851. But did the persons who held under them claim to have distinct rights of property under them?—In many cases they did. These talookdars were of two kinds. The majority were the chiefs of Hindoo clans of the military caste, whose ancestors had colonised and conquered the country about the 13th and 14th centuries, when the Mahomedan invasion drove the Hindoos from the neighbourhood of Delhi. These were the great majority; some few who were Mahomedans were descendants of the ancient Affghan conquerors; and some were people of recent origin, contractors, speculators, or officials who had made use of their official influence to acquire the possession of land; but the great majority were ancient hereditary proprietors.

Sir C. J. *Wingfield*, M.P., C.B., K.C.S.I.

21 April 1871.

1852. Who as such paid the revenue?—Yes.

1853. And they collected from the persons who held under them whatever they were entitled to?—Yes, and in regard to a great part of their estates, they were the sole undisputed proprietors. There was nobody who ever did claim any right under them. No doubt in almost all estates of this kind some villages belonging to small and independent proprietors had been acquired by force or fraud; but also it was a very common practice under the native government for the owners of the small independent villages to place themselves under the protection of a talookdar to put their villages, one may say, into his talooka, and to get him to engage with the Government for the revenue, in order to secure them from the oppression of the native functionaries.

1854. What was the general result of the settlement that was first made with regard to revenue; was it an increase of the revenue?—No; we had no time to make an increase, we simply looked at the accounts of the native government, found out what the man had been paying as nearly as we could, and just took that amount.

1855. Can you state the total sum raised at that time?—I think as nearly as possible 1,040,000*l.*, or under 1,100,000*l.*

1856. How long did that arrangement last?—That only lasted a year, because then the mutiny broke out; it lasted from May 1856 to, you may say, May 1857, when the mutiny broke out.

1857. What steps were taken after the mutiny was quelled?—After the mutiny was quelled, that is to say, after Lucknow was taken, because the rebellion cannot be said to have been quelled immediately, Lord Canning issued a proclamation, his famous proclamation, which was made the subject afterwards of discussion in this House, as you will remember, in which he confiscated the entire proprietary rights of the people of Oude for their general participation in the insurrection, but at the same time indicated that all who would tender their submission to the British Government would receive back their lands; and in accordance with that notice, a great many tendered their submission; and later in the year when the armies were enabled to move into the interior, and finally expel the last insurgents, they nearly all came in, and every talookdar then was allowed to engage with the Government for precisely the estates that he had in his possession when the country was first annexed. So that, in fact, the proceedings which we took with regard to the settlement at annexation were entirely reversed.

1858. Can you state generally the effect of this new arrangement; did that dispose of the territory of Oude, or was any part undisposed of as either uncultivated or otherwise held?—I may mention that some seven or eight great talookdars would not come in under the amnesty. Their estates were confiscated to the British Government, otherwise this settlement disposed of the entire territory of Oude, barring a tract of forest which was made over to the King of Nepaul in consideration of the assistance which he rendered us in the campaign.

1859. Then was the whole territory meted out amongst the talookdars, or was there any

Sir *C. J. Wingfield*, M.P., C.B., K.C.S.I.

21 April 1871.

portion of it held directly from the Government by village communities or otherwise?—About one-third was held direct by village communities; in some districts you would find few talookdars and nearly all village communities; in others they would be all talookdars nearly, and few village communities.

1860. What was the effect of this arrangement upon the land revenue; was the settlement with the talookdars made for a limited period, or upon what principle was the amount of the revenue assessed?—This settlement was also made just like the first, for three years until a regular settlement could be made, and it was made with them on the basis of the payments that they had previously made to the native governments.

1861. They being recognised as proprietors of the estate, but subject to the assessment that might be made?—Yes. I perhaps may mention that about the year 1859 Lord Canning came to Lucknow, and in compliance with the representations that I made to him about the desirableness of giving a pledge and assurance that this settlement with the great talookdars would not be set aside again by some new policy, he confirmed it in perpetuity, and gave them title deeds, declaring that these estates were settled on them in perpetuity, subject only to revision of the assessment, and also subject to the maintenance of all subordinate rights that might on inquiry be found to exist; thereby, while giving permanence of tenure, we avoided the error of the Bengal settlement, which had disregarded the subordinate rights of the people living on the estates, and also fixed the assessment in perpetuity.

1862. It in fact had confounded the revenue with the tenure?—Yes.

1863. What was the effect of this new settlement as regards the amount of the revenue?—I was saying that this new settlement made no change in the revenues, it merely took the amount that had been taken by the native government. But this was only a temporary one for three years; on the expiration of that, or immediately after the province was re-occupied, arrangements were made for surveying the country and making a settlement for 30 years, after careful inquiry and investigation. That settlement has been going on now for the last 10 years; as far as I can gather from the last administration report of the province, which was only up to April 1869, it was more or less completed in, I think, some seven districts out of 12, and it had led to an increase of revenue from, I think, 1,040,000 *l.* to 1,300,000 *l.*; I always contemplated, and I do now, looking at the progress that has been made, that the land revenue of Oude, when this settlement is completed, will be fixed at 1,500,000 *l.*; some four or five districts remain to be assessed, and some of those are the districts in which the greatest increase is to be expected, because they were in the most backward state, or we knew least about them, and the temporary assessments there were the lowest, and therefore I expect it will be 1,500,000 *l.* when this settlement is completed

1864. In assessing the talooks, do you take into account the quantity of land in the talook that is cultivatable, but uncultivated?—Yes; you assess the talookdar's estate precisely in the same way, village by village, as you would a village communities' land.

1865. But in what way do you deal with land that at that moment happens to be uncultivated, though culturable?—You treat all uncultivated land that has only been thrown out of cultivation in the ordinary course of rotation or for two or three years, as cultivated.

1866. But supposing that there is a part of a village which is not cultivated, though culturable, from want of cultivators, how is that treated?—If there was a large proportion of uncultivated, though culturable land, there might be a rate put per acre on that land, or the settlement officer would, in determining the demand on the village, take the circumstance into consideration, and add so much more to the assessment according to what he thought the capabilities of the village population to bring this land under cultivation.

1867. In fixing these talooks, was all the land that was unoccupied or natural pasture, or other land thrown into the talooks, or was it treated as land belonging to the Government?—In Oude it was very much the practice for the talookdars to keep a tract of forest about their forts by way of making them difficult of approach, and if they had to evacuate them when they were attacked they made their escape through the forest. These were all ordered to be cut down, and then they were treated as assessable land. But also there was a great deal of land in Oude left waste, because the possession was disputed by the village communities, and these used to be the scenes of tremendous fights and affrays. When the boundaries of each village were fixed by the survey all those disputed claims to that land were settled, and then that land, of course, was at once taken up into cultivation.

1868. Is a very considerable part of Oude uncultivated, that is culturable in its character?—The returns of the assessment show that in those districts that have been settled now in which the settlement is completed, 54·60ths of the area is under cultivation, which is larger than in the North Western Provinces; but I may mention that Oude is about the richest and most densely peopled part of India. The population is 11,220,000 in the last Administration Report for the year ending 31st of March 1869; that census was taken in 1868, and that gives 466 people to the square mile. We always underestimated it, and nobody imagined the population was so dense till there was a regular census taken. I may say, as regards there being much waste land, that there is very little waste land left now, except in the primeval forest under the hills, which is very unhealthy, and which can only be gradually encroached upon, otherwise there is very little left. Immediately after the re-occupation of the province, rules were issued for the grant of waste lands; and these rules were that the land should be held for 12 years free of all revenue demand, and after the expiration of 12 years, provided a certain proportion had been brought under cultivation, which was prescribed in the rules, and which was one-quarter in six years, and one-half in the 12 years; the land then would be assessed at precisely the same rate as any other land, and if those conditions were not complied with, that is to say, if that proportion of land had not been brought under cultivation, the man would not get the whole of the grant, he would only get just so much

much waste as was equivalent to the amount that he had brought under cultivation.

1869. You have not explained what is the condition of the other 46 per cent., because you have only mentioned 54 per cent. that is under cultivation?—I can give you that at once from the return: 54·60 per cent. is cultivated; culturable, but not under cultivation, 21·51; then barren, 7·82; then you have tanks, 6·54. Oude is abundantly supplied with natural reservoirs.

1870. Are they made near the hills?—No, they are natural depressions of the soil that fill; they may have been gradually deepened in parts; they are not near the hills, but all over the country and down near the Ganges. In many parts you can make a well for a very trifling sum. There remain some smaller items which will be found in the return.

1871. The 21 per cent. you describe as culturable is considered to be under assessment, though not actually cultivated?—Yes; you put a rate on the cultivated land, and then the settlement officer throws in something for culturable; he says, "I think this is culturable, and there is population enough in the village to bring it under cultivation; I will put sixpence an acre on this land." That is the sort of way it is done, and it pays no more during the term of settlement.

1872. But supposing the 21 per cent. of culturable land to be more completely cultivated than it is at present in conjunction with the cultivated land, that would be a ground for raising the assessment in future settlements?—Yes.

1873. Then is it your opinion that on the present settlement, when it is completed, the land revenue would amount to 1,500,000*l.*?—Yes, very close to that.

1874. Has there been any considerable increase of prices in Oude?—Very great; I should say it is a peculiarity of that country that there never has been a famine known there; certainly not within the last 100 years has such a thing been known; there is no record of such a thing having happened.

1875. Then there would seem to be very little land apart from that which you have spoken of as culturable, that is capable of being made a source of revenue except the forests?—Except the forests there is very little waste land left; but I think that what has happened there has happened elsewhere. I was mentioning the rules under which waste land was given. Afterwards when that order of Lord Canning's came out allowing it to be bought at 5*s.* an acre, a great many of those grantees that had got the land under the rules to which I have referred were allowed to commute, and they bought their grants; and I see that altogether land to the amount of about 90,000*l.* has been sold in Oude, but about half of that will be irrecoverable, and the land will be thrown back on the hands of Government.

1876. Mr. *Fawcett.*] In what way would it be irrecoverable?—Because these men have failed. Though these lands were sold, the money was not paid down outright. In the meantime all that speculative excitement, about waste land in India, has passed away.

1877. *Chairman.*] You mean irrecoverable from its waste condition?—I meant that the purchase money would be irrecoverable.

1878. Mr. *J. B. Smith.*] And then does the land revert to the Government?—Yes.

1879. *Chairman.*] Were those sales made sales of the right to levy the land revenue from them, as well as the proprietary right?—They were sold in the fee simple.

1880. But also with an engagement from Government that no land revenue should be taken from them?—Certainly, freed from their liability for Government revenue.

1881. Mr. *J. B. Smith.*] But still liable for rates?—There was nothing said about rates that I am aware of, except police cess and road cess; those two were named.

1882. What was the price at which they were sold?—What was sold under Lord Canning's rules was sold at 5*s.* an acre, but then when Sir Charles Wood modified that order, and said the land should be sold by auction, some of the land fetched enormous prices, 20*s.*, or even more an acre. Under Lord Canning's rules, anybody could say, "Give me this land at 5*s.* an acre," and he got it.

1883. *Chairman.*] How many years ordinary land tax would that 5*s.* or 30*s.* respresent having regard to the character of the land sold?—In the case of some of the land near the settled villages, I believe some of these grantees immediately let that land at 1*s.* an acre.

1884. That would represent how many years' land revenue?—That at 5*s.* an acre would be 10 years' land revenue.

1885. Would the shilling that they immediately got be their permanent rent?—No, they would go on increasing that. I know that some capital purchases were made at first, but then the best was all taken at first, that is to say, the land most accessible to the villages, to the settled parts, so that you could get cultivators easily to come and occupy it. The further off you went from the inhabited parts, the more difficult it was to get people to come and cultivate it, and the lower rents you got.

1886. What would have been the land revenue on that land when it was in full cultivation after it had been brought to the ordinary condition of the land of the country?—I see by this return that, with regard to the average assessment in Oude, so far as it has gone, that is to say, taking 16,800 villages out of 24,000 odd villages, which is the total number in Oude, the average rate of the assessment per cultivated acre is 4*s.* 2*d.*

1887. Therefore the sale would represent less than 2½ years' purchase of the ultimate revenue to be derived from it?—Yes. Now that rate of 4*s.* 2*d.* is high. Sir Robert Montgomery said that in the Punjaub it was only 2*s.* In the North Western Provinces it is less than in Oudh; but it is not complained of, and that only shows the wonderful fertility and richness of that country.

1888. Is it due also to the fact of the water being very easily obtained?—To the water being very easily obtained, and to the population being so dense that the rents are very high.

1889. Is there a very large irrigated crop taken off the land?—It differs very much in different districts. There is one district here mentioned, called Roy Bareilly, in which 1,072,000 acres are irrigated, and only 346,000 unirrigated; now that irrigation is almost entirely from these reservoirs, or these swamps, for they

Sir *C. J. Wingfield*, M.P., C.B., K.C.S.I.

21 April 1871.

cannot be called reservoirs; they are depressions and hollows in which the rain water collects, and also it is owing to the wells.

1890. And those wells, you say, are very easily sunk?—Yes, in many parts; a man will sink a well in a day or half a day, and at a cost of perhaps 1*s.* or 2*s.* 6*d.*

1891. And the soil itself is very rich and productive?—Yes.

1892. Mr. *J. B. Smith.*] To whom do these reservoirs belong?—They are the property of the villages amongst themselves; one of these tanks, as they call them there, would perhaps irrigate a dozen villages.

1893. Mr. *Hermon.*] These tanks are seldom dry?—Never quite dry; it must be a very exceptional year if they are quite dry; but such years have not occurred.

1894. Mr. *Fawcett.*] Do they pump the water up by machinery?—No, they ladle it up step by step till it reaches the land they want irrigated.

1895. *Chairman.*] Was any difference made in the amount of the land revenue between that which is paid by the villages settling direct with the Government as compared with those settling through the talookdars?—None whatever. You take the presumed rental derivable from the proprietor; if that proprietor happens to be a cultivating proprietor, he gets the advantage of his cultivator's profits and his proprietor's profits also; but you have the same rate of assessment for all.

1896. Then, as far as the Government were concerned, it was the same thing whether they settled direct with the talookdar or with the village; it was a mere question of proprietary right between the villagers and the talookdars?—Yes.

1897. Is it your opinion that the villagers in the villages which settle direct with the Government are in as good a condition as the villagers holding under the talookdars?—Many people would say that they necessarily must be so; but my idea is that they are equally well off under the talookdars, for this reason: under the native government the talookdars did not oppress the leading men of the villages, because they wanted their assistance to fight; they composed their armies, and they were obliged to humour them. Under our Government we have ascertained and recorded, and fixed whatever subordinate rights they possessed. If they are found to be really the proprietors of the village, and it is known that ever since their village has been included in the talookdar's estate, they have retained the management, they keep the management now, paying a head rent to the talookdar. If, on the other hand, it is found that their rights, if ever they existed, have been impaired in the course of time, and they have only a few vestiges of them left, what little they have retained they are permanently secured in.

1898. Is there any perceptible difference between the condition of the villages and the people occupying them, which are held direct from the Government, and the villages held under the talookdars?—No, it is utterly imperceptible.

1899. You do not perceive any such difference in going into a village?—No.

1900. Then we are not to look for any increase of the land revenue from Oude beyond that which you have stated?—No; because this is the first regular settlement, and this has produced an enormous increase; but then I must say that we had no information on which to fix the temporary settlements that were made; I know that in most cases the Government demand was grossly understated.

1901. Do you anticipate that in a future resettlement, taking all these circumstances into account, there will be any considerable increase?—The increase must come from the rise in prices; there is not much to come evidently from reclaiming waste land.

1902. Or from better adjustment of the revenue, or from other causes?—This settlement is fixed on the principle of 50 per cent. of the rental; if we had made it on the principle of the old settlement of the North Western Provinces it would have yielded very much more.

1903. Do you think that the present settlement is so far accurate, that there is not likely to be any great increase when it is re-examined?—No, not any increase, except from the increased value of land.

1904. Are there many, or are there any estates in Oude held at a fixed revenue or without revenue and by free grant?—Only those that have been given in reward for services rendered in the mutiny.

1905. Were none found to exist or recognised under the native governments?—Yes, but few; and those were principally given to relations of the royal family, wives, and courtiers. There were also many small grants to religious persons and others.

1906. They will lapse after a certain period, I suppose?—Mostly; I think very few are held in perpetuity.

1907. Do you think it is a good thing for the Government to grant out land free from tax in reward for services?—No, it is not a good thing: but it is a mode of rewarding services which is very acceptable to the natives, and in such a case as the mutiny, we did not look at it very strictly.

1908. You would not approve of that as an ordinary thing?—Not in the ordinary way.

1909. Mr. *J. B. Smith.*] For what period was the settlement?—For 30 years; just the same as in the North Western Provinces.

1910. Sir *D. Wedderburn.*] I believe in Oude the talookdars occupy very much the position which zemindars in Bengal were erroneously believed to occupy; they were, in fact, a sort of feudal nobility, not the farmers of the revenue under the Government?—Just so; they were the chiefs of Hindoo clans of the military caste, and whose ancestors took their clansmen from the neighbourhood of Delhi, when they had to flee from the Mahomedan conquerors, and settled in Oude, because Oude was held at that time by rude pastoral races, whom they extirpated.

1911. And they exercised little or no oppression over their immediate cultivators, but were, in fact, rather protectors as against the central Government?—It is difficult to say that. If the Government left them alone, and did not make heavy demands of revenue on them, they would leave the people under them alone; but if the Government was oppressive on them, they would be oppressive on those under them. One of the largest talookdars in Oude, the talookdar with whom I went and took refuge when I had

had to fly from the mutineers, was under the native government before we annexed the country, branded as a freebooter, and driven off his estates, and took refuge in a neighbouring British territory. Such representations of his iniquities were addressed to the British Government against him, that actually British troops were about to be set in motion against him; that talookdar is now a member of the Governor General's Council, and the largest proprietor in Oude. The fact was simply that no man could get on with the native government who did not make himself formidable.

1912. I believe under the native rulers Oude used to be considered the garden of India, and it is on record that the commander of a British regiment, and one of the first British regiments that marched into Oude, complained that he could not find a piece of waste land to encamp on?—It was no doubt at one time exceedingly rich, but during the reign of the last sovereign, government was very much relaxed, and it got into a very disordered state.

1913. Then has it now recovered, under our Government, anything like the prosperity that it had?—I should think far greater; I think the land is better cultivated now than it ever had been before, and more land is cultivated.

1914. Is there any reason, from the character of the population or the constitution of the country, why Oude should be under a separate government from the North Western Provinces, which almost entirely surround it?—No, except that it would make the North Western Provinces too large if you added it to them; but immediately after annexation it was absolutely essential that it should be separately administered. The question of the distribution of territory is a very large question; it ought to be considered as a whole. With regard to the whole of the Bengal Presidency now, no doubt the jurisdictions ought to be altered and remodelled.

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Tuesday, 25th April 1871.

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Mr. Ayrton.	Mr. Grant Duff.
Sir Thomas Bazley.	Mr. Fawcett.
Mr. Beach.	Mr. Hermon.
Mr. Bourke.	Mr. Lyttelton.
Mr. Candlish.	Mr. M'Clure.
Mr. Cave.	Mr. J. B. Smith.
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THE RIGHT HON. ACTON SMEE AYRTON, IN THE CHAIR.

Sir CHARLES JOHN WINGFIELD, K.C.S.I., C.B. (a Member of the Committee), further Examined.

Sir *C. J. Wingfield*, K.C.S.I., C.B., M.P.

25 April 1871.

1915. *Chairman.*] HAVE you anything to add to the evidence which you gave on the last occasion?—Will you allow me to say that on Friday last, thinking that my examination was to end on that day, I endeavoured to compress my evidence as much as possible; and there are one or two points bearing very materially on the condition of landed rights in Oude, as fixed by the policy of Lord Canning in 1859, on which I would like to say a few words now. You are doubtless aware that the effect of this confiscation of the proprietary rights in the soil of Oude was very much misapprehended at the time. Because the talookdars were all replaced in the possession of the estates which they held prior to the annexation of the country, it has been assumed that the confiscation never had any practical effect at all. But that is not so, for although they were restored to possession of the estates which they held before the annexation, it was by free gift of the British Government; the entire proprietary rights were confiscated; and therefore they re-entered in possession, not by virtue of any previous rights, but by free gift from the British Government. The title deeds that were given to them set out by saying, that "Whereas by the proclamation of March 1858, by his Excellency the Right Honourable the Viceroy and Governor General of India, all proprietary rights in the soil of Oude, with a few special exceptions, were confiscated, and passed to the British Government, which became free to dispose of them as it pleased, "I," So-and-so, "Chief Commissioner of Oude, under the authority of his Excellency the Governor General of India in Council, do hereby confer on you the full proprietary right, title, and possession of the estate." I may mention that those special exceptions that are named in the title deeds were in favour of five or six talookdars who had shown loyalty to the British Government during the rebellion, and who had some of them sheltered and befriended fugitive English persons.

1916. Under that form of grant there is an absolute right of alienation, is there not?—There is a clause in it which says, that a full power of devising by will, gift, or in any way they please, is conferred on the possessors of these estates, but should they die intestate the succession is to be by the law of primogeniture, or rather the law which is called the law of primogeniture in India, but is more properly described as succession undivided to a single person, because it did not always follow that the eldest son inherited; in native times, if he were incapable or a lunatic he would be set aside for another son. Then it is worthy of notice, that but for this confiscation of the entire proprietary rights in the soil of Oude, and their lapsing to the British Government, it would not have been so easy for the British Government to set aside the policy which it pursued at the annexation of the province, which was a totally different one.

1917. Have you any other point to mention?—The next point I wish to remark upon is with regard to the position of the cultivators of the soil in Oude; that is, of the class that have no proprietary right in the soil, and claim none, but who till the lands of the proprietors, be those proprietors great or small, on payment of rent. When Lord Lawrence became Governor General he wished to carry out in Oude the system that had been adopted in the North West Province and in the Punjab, which was to declare those cultivators, who had been 12 years, or 20 years, or some period of time, in occupation as renters of the land of the proprietors, to be possessed of a right of occupancy in that land. The Members of the Committee will have seen from the evidence of Sir Robert Montgomery that, in reply to questions put by me, he stated that both in the Punjab and in the North West Provinces, in his belief, this distinction between cultivators with rights of occupancy and cultivators without rights of occupancy was a distinction purely drawn by us, and was utterly unknown to native custom. That also was very strongly my opinion, and I objected to this proposal of Lord Lawrence, and the talookdars strongly objected to it also, as an innovation in the province, and as the creating of a new interest in the land; and I also maintained that the creation of any new right was barred by the terms of the title deeds, which expressly stated that the condition on which these estates were given to the talookdars was that all holding under them should be maintained in the subordinate rights which they had previously enjoyed; therefore no rights could now

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having been so great an increase in the North Western Provinces.

1949. I quite understand that, but that is not exactly the point that I am wishing to get at. I will take a figure; I will say, for instance, that in 1862 (and I believe I am not very incorrect), the land revenue was put down at 19,000,000 *l.* Now, supposing it was put down at the same amount in this year, if there had been no change in the value of silver, of course the land revenue would represent the same value in the two years, but as there has been a depreciation in the value of silver, although there has been no nominal reduction in the value of the land revenue, the land revenue has really decreased to an extent proportionate to the depreciation in the value of silver, which you estimate at 50 per cent.?—But the land revenue cannot have decreased, because, whatever the assessments were they have been paid; and if it has not increased proportionately to the fall in the value of money, the only reason is that districts have not come under re-settlement to a sufficient extent, or that when they have come under re-settlement we have taken a less proportion of the rent than we did formerly.

1950. Suppose that I let an estate for 50 years, at 1,000 *l.* a year, I get a fixed income of 1,000 *l.* a year for 50 years. Suppose that during that time the value of money depreciates by 50 per cent., then at the end of 50 years the rent, though nominally the same, because I receive the same rent as I did at the beginning, to me is really 50 per cent. less valuable than it was before?—That would be so.

1951. Then, considering that the Government of India uses its land revenue for purchasing commodities and so on, if the money which represents that land revenue depreciates in value, surely it is the same thing as saying that the land revenue is depreciated?—The land revenue does not give you the same value as it did before; and that was Mr. Mangle's strong argument against a permanent settlement.

1952. When you say that you consider that there has been a depreciation in money to the extent of 50 per cent., and that the land revenue remains about the same amount, the wealth represented by the land revenue yielded to the Government of India has really been depreciated to the extent of nearly 50 per cent., has it not?—It has been depreciated no doubt in that way; but, as I say, that depreciation where the lands are not permanently settled will be redressed when you come to make the next settlement; because as prices rise and the value of money falls, rents are affected and become higher; and the Government's share of the rent is increased. Undoubtedly your money does not buy you so much; it does not go so far in paying your troops and your establishments as it did.

1953. This serious depreciation, which has really gone on in the wealth represented by the land revenue during the last 20 years, and which is going on at the present time in consequence of the continued depreciation of money, cannot, as it were, be set right or re-adjusted until there is a new settlement, which you say, as far as the North Western Provinces are concerned, will not be for 25 years?—No, I said that as regards Oude. In the North West Provinces the leases are dropping in gradually.

1954. Then if there is a depreciation in the value of silver, or, in other words, a steady rise in the price of all commodities, contemporaneously with that rise the money liabilities of the Government, so far as those liabilities consist in paying wages, in purchasing commodities, and in providing food for the troops, must increase, must they not?—Yes.

1955. Therefore the point I want to get at is this: that owing to the depreciation in the value of silver, the expenditure of the Government, or in other words their annual money outlay must constantly increase, and that great source of revenue, the land revenue, must be at the same time being really depreciated?—Of course that is the result during the term of the settlement; if the settlement is perpetual, then it is lasting.

1956. Then during the next 20 or 25 years (which represents the period during which over the greater part of India there cannot be a new settlement to a very considerable extent) this very serious financial position is presented to us, that the land revenue, which is the only source of revenue which does not represent onerous taxation on the people, is constantly being depreciated in value, whereas the money expense of the Government must constantly increase?—That is true, no doubt. All I can say on the other hand is, that the correction of it will come.

1957. In 25 years?—In a great many parts of India, in Madras, for instance, they are making their settlements now, and they will get the benefit of the rise in prices now. They got the benefit of the rise in prices the other day in Bombay. In the North West Provinces they are gradually getting it. In Oude we shall not get it for a long time. In Bengal they will never get it at all.

1958. But do you not think that the fact which I have just stated, is one chief cause of the very serious financial position of India at the present time; namely, that during the last 20 years there has been a steady and rapid rise in the expenditure of India, whereas the source of revenue which was most important, namely, the land revenue, has proved itself during that period inelastic?—No doubt that is a drawback, and has been a source of embarrasment to the Government; but then you must recollect this, that owing to the rise of prices, although the land revenue may have been from particular causes stationary, yet other sources of revenue have improved very much, such as salt and customs.

1959. But do not you, as a financier and an economist, draw a fundamental distinction between revenue derived from land and revenue derived from taxation, such as salt duty or customs?—Of course; the land revenue of India represents the inherent right of the Government to a portion of the produce of the soil.

1960. And other kinds of taxation represent the necessity of the Government to take away from the people a portion of their industry, do they not?—Yes.

1961. Suppose the Government did not own any land revenue at all in India, the great mass of the cultivators would not be one iota less heavily taxed; the only difference would be, would it not, that instead of paying a revenue to Government, which may be used for the general advantage of the country, they would pay revenue to some other proprietor; therefore you cannot say that revenue paid for land impoverishes the great mass of cultivators?—Certainly not. I have always held that if the Government of India were to give up the land revenue the

Sir *C. J. Wingfield*, K.C.S.I., C.B., M.P.

25 April 1871.

country would be no better for it; the proprietors would get careless and indifferent, and the cultivators would not have the stimulus to exertion of high rents; and I may mention that in most districts in India there are villages held free of revenue under the grants of the former soveriegns. Now, I have never heard it said, and I never observed that the cultivation in those villages was one whit better than in the neighbouring villages that paid land revenue.

1962. Agreeing entirely in that doctrine, let me not ask whether you might not briefly put it in this way: that revenue raised on the land represents no loss to the community, whereas revenue raised by such a tax as salt or import duty, represents a real burden on the people?—Yes; I have always agreed with Mr. Mill, that a revenue derived from land, that is to say, the Government share in the rental of land, is the most unobjectionable way of getting the means of carrying on Government.

1963. Then I come to the point which I think so particularly important to establish, which is this, that that source of revenue which represents no burden to the people of India is constantly, in consequence of the depreciation of silver, being reduced in value, and as the result of that, in order to make up the deficiency, we are constantly obliged to impose new taxes on the people, which represent real burdens?—You are.

1964. And that represents a very serious financial outlook, until we have had a new resettlement which will readjust the depreciation of the value of silver?—Yes; but if you want to deduce from your argument the conclusion that Government should not make long settlements, then I differ, because that progress, that rise in prices, that rise in rent, that prosperity, would not result from short settlements.

1965. I fully appreciate the advantages of long settlements, but it struck me in this way, that the disadvantages which I point out as resulting from these long settlements, and especially from permanent settlements (of course there the disadvantage is absolute and complete) may, without losing the advantages which undoubtedly result from a settlement of 30 years, be to a certain degree got over, if you take the land revenue not solely in money, but estimate it partly by the value of produce?—That has often been suggested, but the people would not understand it, they would say, "Let us know definitely what we have to pay." It is the feeling of security that for 30 years, or for however long you may fix the settlement, a man shall enjoy exclusively the fruit of his exertions, that encourages the improvement of cultivation and the reclamation of waste.

1966. Then you think that, owing to the peculiar feelings and ideas of the Indian people, it would be impossible to get over the difficulties associated with the gradual depreciation of money by making the revenue of land not simply a money rent, but also a rent estimated by the value of the produce?—Certainly; I never approved of that suggestion.

1967. Then, unless you abandoned the advantages of long settlements, which seem to me extremely undesirable to abandon, there is no way whatever of getting over this loss to the Government, which results from the depreciation in the value of silver?—No, except by other modes of taxation.

1968. Then, considering the financial case which I have just presented, and this state of depreciation in the value of the land revenue, we should probably draw this moral, that it is of the utmost importance that there should be the greatest possible economy in the administration of the finance of India?—Yes, certainly.

1969. Has there been, to your knowledge, much waste land sold in Oude?—Waste land to the value of nearly 90,000 *l.* has been sold, but I may mention that prices at the auction sales ran up to preposterous heights. There was, at that time, a rage about reclaiming waste lands. Speculators, principally Europeans, fancied that they were going to grow cotton, and tea, and all sorts of valuable products, and they ran up the prices of these waste lands to preposterous heights. The consequence has been, both in Oude and in Bengal, that when that speculation subsided they could not pay the money, and they have been obliged to ask the Government to take back half the land, perhaps, or a great portion of the land, and let them off the purchase-money.

1970. Can you throw any light on the point upon which I have tried to obtain information from so many witnesses as to how the proceeds of these sales of waste land have been appropriated?—They were carried to a separate account in the Government treasury, and were afterwards, I believe, (I think I saw it explained in the Budget), credited to land revenue.

1971. They were credited to land revenue, and therefore came into the income of the year?—For a long time they were kept as a separate account in deposit; but I have a distinct recollection of seeing it stated in one of the Budget statements that they were carried to the land revenue.

1972. Then the Government actually adopt this extraordinary principle to sell their property at the same time that they are borrowing money, and instead of devoting the money derived from the sale of their property to the reduction of debt, they put it into income?—It appears to me that they have done so. I have almost a distinct recollection of seeing the explanation in Sir Richard Temple's statement, that the land revenue of the year had been swelled in that way.

1973. Supposing that that has been the case, do not you think that, as a financial expedient, it is absolutely indefensible?—The sum, you know, is not very large. It would be more correct, no doubt, to have applied it to the reduction of debt; but, then, what is the use of reducing the debt a little when you are incurring fresh debt.

1974. But this is only an instance, I believe, of what has taken place on a considerable scale. As a matter of principle can you suggest, as a financier, anything more indefensible than that the Government, while they are actually borrowing money should sell property and devote the proceeds, not to the reduction of debt, but to income?—I should say that it was an incorrect principle.

1975. Can you give me any information as to a point on which I asked some questions of other witnesses, namely, as to the khas mehals?—The khas mehals, known by that name, are confined to Bengal. In Bengal a great deal of land under the perpetual settlement was brought to sale for arrears of revenue, and whenever it would not fetch the balances on it by sale the Government bought it up at a nominal sum and then managed these under their officers; but it merely means a private estate, that is to say, the

private estates of the Government, all the proprietary rights having been bought out. In almost every district in India there are, or were, a few estates that are the private property of the Government, perhaps at the time of settlement no proprietor has been forthcoming, but the general policy of the Government has been either to sell the proprietary rights of these estates or to give them away in the Bengal Presidency.

1976. Then we may define a khas mehal as a private estate owned by Government, which they have no idea of permanently keeping?—They did keep these khas mehals for a very long time in Bengal, because they improved them very much when they had them under their own management; but ultimately they disposed of them.

1977. What you say is, that in many instances these khas mehals, or private estates owned by the Government, have been sold?—Yes, I think that they have been sold in Bengal, but in the North West Provinces very often they were given away; that is to say, settled with the cultivating body. I have had a few, but I never sold them.

1978. But have not you, who have studied the accounts of India so very much, seen put down in several instances this item: "Sale of khas mehals;" in other words, sale of these private estates owned by Government, so much?—I cannot say that it ever attracted my eye, but I know that some were sold in Bengal.

1979. Should you not consider it in the same light as appropriating the sale of waste lands to income; should you not think it absolutely indefensible to appropriate the proceeds of the sale of these khas mehals to income?—I think it stands in a different position, because the Government in selling the proprietary right does not sell anything that is the inherent right of the Government; it was a mere accident that the Government became possessed of the proprietary right in these lands; otherwise the proprietary right is recognised to belong to the people, to the proprietors.

1980. But this is the point I want to get out; having got possession of these private estates, I do not object to their sale of them, that is a mere question of policy; but supposing they had kept them in possession, those estates, as long as they had been kept in possession of the Government, would have yielded an annual revenue, would they not?—So they do now, because you only sell them subject to the payment of land revenue.

1981. But if they had kept them, and not sold the proprietary right, it surely would have yielded a larger amount to the land revenue?—Yes; because Government would then have been in the position of the proprietor, and would have got the proprietor's rents; whereas, after they have sold them, they only get the proportion of the proprietor's rents which Government gets as land revenue. Then you must recollect, on the other hand, that it is a very troublesome thing to manage these estates; that an establishment must be kept up. If the Government stands in the place of the proprietor, it must have somebody in the village to superintend the cultivation, to arrange for the collection of the rents, and to attend to all the duties that attach to landed property. No collector likes to have an estate thrown on his hands, for the reason that it involves so much trouble.

1982. I am not venturing to object to the policy of selling these; the point I wish clearly and distinctly to bring out is this: suppose the Government which owns one of these khas mehals, lets it for 100 *l.* a year, then 50 *l.* a year of that represents the land revenue, and the other 50 *l.* represents the proprietary right; if the khas mehals are sold the Government does not sell the first portion which represents the land revenue, but they do sell the capitalised value of the second portion which represents that proprietary right?—Yes.

1983. Therefore for ever they deprive themselves of this source of income?—Yes.

1984. If that is the case, can you conceive a more indefensible way of managing accounts than to put a sale of permanent revenue to income at the same time that the Government is borrowing money?—As I have said already, I see a distinction between selling the waste land free of all demand for land revenue and selling the proprietary right, because the land revenue is the inherent right of the State; but in selling the proprietary right you sell a thing that has accidentally come into your hands, that is not an appanage or right of the Government, and a thing which you do not want to keep, but rather to get rid of.

1985. I am objecting to the appropriation; my point is simply this; governments after all ought to be compared to individuals in regard to the matters?—You mean that the Government should not have treated the proceeds of the sale of the proprietary right as income. Perhaps it would have been more appropriate to have regarded them as capital and to have spent them in reducing the debt; but you must recollect that it was an accidental possession of property, and it will not go on increasing. There is no great probability of the proprietary right of more land being thrown into the hands of the Government.

1986. That strengthens my case greatly; is not that all the more reason why they should have devoted them to capital and not to income?—I look upon them as a windfall.

1987. But would not an individual be considered an absolute spendthrift, if after extra expenditure had been incurred by him, every windfall he happened to get he spent on his income instead of reducing his debt?—It would have been more correct perhaps to have treated it as capital; but I do not see, considering what an exceptional receipt it was, and, as I said before, not one that any Government has any right to expect, that it is anything more than a matter of comparatively trifling importance.

1988. When this order relating to the permanent settlement was sent out by Sir Charles Wood, did many of the officials who held views like yourself strongly oppose the permanent settlement and object to it; had you any power of objecting to it?—Yes; the opinions of the governors of provinces were asked, and I have no doubt that all of them did give their opinions. If I recollect right, Sir Donald Macleod, the Lieutenant Governor of the Punjaub was opposed to it; he rather favoured the idea of a permanent settlement on the basis of prices, I think. In the North Western Provinces, Sir George Edmonstone, who was Governor then, objected to it.

1989. Do you know a single official person who approved of it; have you ever seen any approbation of it from any of the governors of provinces?—

Sir *C. J. Wingfield*, K.C.S.I., C.B., M.P.

25 April 1871.

vinces?—No, except Lord Lawrence's minute, that you are all familiar with, and some minutes by Sir W. Muir. I think that the man who revived the idea of this permanent settlement so strongly, and was such an enthusiast for it, was Colonel Baird Smith, the Superintendent of Canal Irrigation; I think he rather gave it the impulse.

1990. *Chairman.*] Was that on his Famine Report?—On his Famine Report; I know that he was a strenuous advocate of it. His idea was, and it is very much dwelt upon by all who favour the permanent settlement, that once fix the Government demand for ever, and the people will get so rich, that a thousand new sources of taxation will present themselves to you.

1991. That assumes that indirect taxation is the most excellent mode of taxing people?—Yes; and that sources of indirect taxation will present themselves in any number if you only settle the land revenue in perpetuity.

1992. Mr. *Fawcett.*] Does not experience show that they dislike the new taxes?—There is no province in India in which there has been so much opposition, so much reluctance to submit to anything like direct taxation, to an income tax, or any of these new imposts, as in the permanently settled province of Bengal.

1993. In fact, it would not be incorrect to say that of all the people in India, those who most object to the imposition of the income tax are the very zemindars of Bengal who have most profited at the expense of the Government by the permanent settlement?—Yes; but perhaps the reason that they objected more strongly than others was, first, that they considered that to levy an income tax from them was an infraction of the express terms of the permanent settlement, and then, secondly, that high education is more general there, and that all the intelligence and wealth of Bengal is concentrated in Calcutta.

1994. You would be in favour, I suppose, of having this order of Sir Charles Wood's with regard to the permanent settlement, rescinded?—Certainly; I think that no time should be lost in rescinding it, because in the meantime it is being acted on.

1995. You think that even each year's delay in the matter is a serious thing for the future finance of India, so far as it is brought into operation?—Yes, certainly; every year that the perpetual settlement is being carried on it is evil, in my view.

1996. Mr. *J. B. Smith.*] I think you stated the income of Oude from the land revenue to be about 1,300,000 *l.* per annum?—Since I stated that I have got the Budget estimate for 1870-71, and I find there that the land revenue for the year ending March 1871 is 1,331,000 *l.*, that is putting it at 30,000 *l.* more than I did for the previous year; but that is land revenue, not total revenue.

1997. Is the land revenue in Oude sufficient to pay the total Government expenditure?—I do not know that I could give that from the accounts, because there is the cost of the army, which is charged to all India, and not debited to the different provinces; excluding army charges there is a great surplus revenue.

1998. I think you stated that the depreciation of silver has had the effect of diminishing the value of the land revenue of the Government. Supposing the decrease in the value of silver to be 20 per cent., there has been in effect a loss of 20 per cent. to the Government revenue?—That is to say, by diminishing the purchasing power of the land revenue.

1999. But will it have that effect on the Government funded debt. The sum which it receives from the land revenue in silver will pay off the same amount of debt; if it receives a thousand rupees in silver it will pay off a thousand rupees of debt contracted to be paid in silver or of interest, will it not?—Certainly.

2000. In that case then there is no loss to the Government?—You mean that, whereas the Government has to pay dearer for what it buys, its payments of debt remain the same. That is so.

2001. But in no other instance?—Debt or salaries.

2002. Are not salaries raised in consequence of the depreciation in the value of silver?—I believe in Bombay they were when there were those enormous prices of cotton; that affected all prices in Bombay, and they did raise the salaries of some public servants there, but I have never heard of the salaries of public servants being raised on the Bengal side of India on account of the increased expense of living.

2003. You are aware that the value of silver has lately risen, that is to say, that a rupee which passed for 2 *s.* 1 *d.*, at one time during the great demand for cotton has fallen to 1 *s.* 10½ *d.*?—Yes, that is the exchange; but still the purchasing power of the rupee is not what it was in India.

2004. I want to know whether there has been any change in the rate of wages or the price of commodities since that increase in the value of the rupee?—Yes, certainly, everybody knows that; he pays everyone of his servants more than he did 20 years ago.

2005. But I am speaking of this particular period: this happened during the cotton famine; the rupee rose from 1 *s.* 10 *d.* to 2 *s.* 1 *d.*; the price of cotton rose enormously, and the price of land, and the price of provisions rose. But what has been the effect since the rupee has fallen from 2 *s.* 1 *d.* to 1 *s.* 10 *d.*?—It does not appear to have had any effect in Upper India. I never heard that the value of the rupee there was affected by the English exchange.

2006. You are aware that the price of cotton has very much fallen?—Yes; that is in consequence, I presume, of the larger supply from America.

2007. And has the price of other commodities in any respect risen in India?—Having been five years away I do not know that I am in a position to state that positively.

2008. You have not formed an opinion on the rise in the price of commodities occasioned by the depreciation of silver?—I only know from what I hear from India, from what I read, and from what was taking place when I left, that everybody complains that living in India is very much dearer than it used to be; and there is no doubt of one thing, that the prices of grain have ruled much higher for the last 15 years than they did before, and rents have risen.

2009. But having regard to the extraordinary rise in cotton occasioned by the cotton famine in America, does it follow that the price of silver has been depreciated in consequence of that great demand for cotton?—I should think that the depreciation in the value of silver began when so much silver was poured into India to make the railways;

railways; long before the cotton famine in this country.

2010. But was it not very much increased by the cotton famine?—Yes, but that was more about Bombay, and did not extend so much to the east of India.

2011. Are you aware that the imports of silver into Bombay were increased six to seven-fold during the cotton famine?—I know they were in Bombay, but I think the effect of that was not so very much felt in Bengal; the further you got from Bombay the less it was felt, because in the non-cotton-producing districts it would be relatively of course less felt. For instance, in Oude, which is not a cotton-producing district, I never heard that it made much impression, the rise there has been gradual.

2012. Sir *T. Bazley.*] Where, in Bengal, and in the North Western Provinces, the tenants have occupied their land without interruption for a period exceeding 12 years, have they acquired any proprietary rights, or merely a permanency of occupation?—Merely a permanent right of occupancy.

2013. And they are liable to an increase of rent, or a reduction of it, according to the change in the value of land?—Yes; they can sue by civil process in the courts for a reduction if they can show cause for it; and if they object to any enhancement that the landlord proposes, the landlord must bring a suit in court to get the rent enhanced.

2014. And whilst they have the power of retaining their holdings, they can retire from such holdings if they choose?—Yes.

2015. Mr. *Lyttelton.*] You say that in spite of the depreciation in the value of money salaries have not increased?—I do not know. In Bombay they increased them, because the rise in prices was so enormous there that people could not live on their incomes. You could not get a single room to lodge in under a fabulous sum; but there has been no increase in salaries in the Bengal Presidency that I am aware of, owing to the rise in prices.

2016. But the rise of prices continues, and will before long reach that point at which it will become absolutely necessary to raise them, will it not?—The salaries of the civil servants are generally very liberal, and there is a good margin.

2017. In course of time, you cannot deny that they must be raised?—That may be a logical consequence. I say that the salaries of civil servants being liberal, people do not complain; they know that there is ample margin left to live on and to save out of.

2018. Do not you think that it adds to the gravity of the financial prospects, when we consider the probable increase in the salaries of the civil servants?—It is a feature that cannot be left out of sight, of course.

2019. In similar circumstances in England, I think, we should find that we should have to pay increased salaries?—I think I may say that the salaries of the native employés of the Government have been in many parts raised, but that was because they were so utterly inadequate before.

2020. With regard to the regulations which Sir Charles Wood sent out in 1862, as far as we can ascertain from the evidence that we have had, they have only been acted upon in the North Western Provinces; can you state, from your general knowledge of India, whether that is the case?—I am sure that they have only been acted upon in the North Western Provinces.

2021. How is it that an order from the Imperial Government, which is applicable to the whole of the empire, is only acted upon in a small fraction of that empire?—It could not have been applicable to the Madras Presidency, nor do I think that it was applicable to the Bombay Presidency; it was applicable to the Bengal Presidency. A discretion must have been left to the Governor General, on the representation of the local governors, to expedite or to retard the execution of the order. Then, again, there was one condition, that 80 per cent. of the culturable area must be actually under cultivation. Then another condition was, that it was not to extend to any villages or tracts of country which were likely within 20 years to be brought under canal irrigation; so that all those conditions excluded a great deal of land from its operation.

2022. It was the imposing of those conditions which prevented its application to the Punjaub?—Yes.

2023. And in Oude?—In regard to Oude, I mentioned that I was asked my opinion, and I said that it was premature to talk about a permanent settlement in a country that had not been surveyed; that until the settlement that was in progress of being made for 30 years was completed, I could not conceive the entertaining of the permanent settlement at all.

2024. In consequence of your representations, the minute was practically inoperative in Oude?—I think that, even apart from my representations, the idea of extending it to a country in which a regular settlement had only just been begun could never have been entertained.

2025. Mr. *Grant Duff.*] Was I right in understanding you to say the other day that when the settlement that is now in progress in Oude is completed, we shall have about 200,000 *l.* a year more land revenue than we have shown by the latest statement?—Yes, I have now a still later report that raises the land revenue to 1,330,000*l.* I estimate the ultimate result at 1,500,000 *l.*

2026. So that there is 170,000 *l.* that we have still to receive when the present settlement is completed?—That is only an estimate of mine; it may be 50,000 *l.* less or 50,000 *l.* more; but I do not think it will be 50,000 *l.* more.

2027. Is the description of Oude before annexation given by Sir William Sleeman a pretty correct one?—No; I have always differed very much from Sir William Sleeman's account. It was, I think, a partial account; he was very much under the influence of some natives; he had been a very eminent man in his day, and had gained his reputation in suppressing Thugs and Dacoits. It was a fashion in Oude whenever a talookdar quarrelled with the Government to brand him as a Dacoit, and it was known to be an easy way of getting Sir William Sleeman's support to tell him that such a talookdar was a Dacoit; he at once was loud against him.

2028. You think his picture of Oude was too gloomy?—I think it was overdrawn; but what he says of the north of Oude having been terribly desolated and oppressed by one of the native governors was perfectly true.

2029. But, making all allowances for exaggerated statements in his book, nevertheless you think that, under our rule, Oude has very much improved?

Sir *C. J. Wingfield*, K.C.S.I., C.B., M.P.

25 April 1871.

improved?—Enormously, by the security that has been given to peaceful industry. I recollect when we entered Oude, when I marched to take possession of my jurisdiction you never saw within half-a-mile of either side of the high road any cultivation at all, because if there had been any crops there the armies of the Government, or the armies of the talookdars fighting one another would have trampled them all down or eaten them up.

2030. The annexation was only 15 years ago?—Yes.

2031. And now it would be true to say that it is one of the most peaceful, one of the most contented, and one of the most prosperous districts of India?—Yes.

Mr. CHARLES BAGOT PHILLIMORE, called in; and Examined.

Mr. *C. B. Phillimore*.

2032. *Chairman.*] WILL you be good enough to state what has been your employment in connection with the Forests of India?—I have been assistant in the Revenue Department since 1855, at first in the Board of Control and in the India Office since the amalgamation of the two offices.

2033. Has your attention been particularly directed to the question of the forests?—Particularly so.

2034. Will you be good enough to state when the Government first applied itself to the administration of the forests as a source of revenue?—The forests were very much neglected for a great many years, and accounts of neglect are constantly met with in the correspondence; but I think that the first time was about 1800, when the Court of Directors wrote to India to desire that the Government should assert the Royal rights which had been asserted by the native princes over the forests of Malabar, and which had been neglected by our Government. In 1830 there was a great complaint made by the Indian Navy Board of Bombay as to the want of timber, and they urged upon the Government the appointment of a conservator. In 1832 there was evidence given before the House of Commons, by a Dr. Wallpic, of the neglected state of the forests, particularly in Malabar and in Bombay, and he also strongly urged measures of conservancy. The neglect went on to a still later period, and Sir Robert Grant, I think, in 1838, took up the question; and in 1846 Dr. Gibson was appointed to Bombay, and did a very good work there for many years, though he had not much help. Then in Burmah, Mr. Colvin, in 1841 I think, was the Chief Commissioner in the Tenasserim Provinces, and took up the forest question earnestly. Dr. Falconer was specially employed there, and obtained considerable celebrity by a report which he wrote. Then Mr. Brandis, a German by birth, was appointed in 1855, and was desired by Lord Dalhousie to institute measures of conservancy. He is a man of great ability and great power of organisation, and of indefatigable labour, and rendered very good service in the Burmese Provinces after Pegu had been added to them About the same time, at the end of 1855 or the beginning of 1856, the Madras Government (Lord Harris's) took up the subject very warmly, and both Lord Harris and Sir Henry Montgomery wrote minutes on it, and they called upon Dr. Cleghorn to organise the department there. I may say then that Bombay, Burmah, and Madras were the first places where conservancy began. Some correspondence arose between this country and the Governor General of India about the cession of the forests to the west of the Irrawaddy, which had been imprudently given up to permit holders (that is to say, persons who were allowed to cut as long as they paid a certain royalty). The Secretary of State wrote out a Despatch strongly urging conservancy, and the Government appointed Mr. Brandis and Dr. Cleghorn to consider how they could form a separate department to organise an administration for all India. That was in 1863, and from that date I think we may say that the administration has gone on improving; that departments have been formed in all the great provinces which are under conservators, with deputy conservators and assistant conservators under them, and that, in short, an organised system is now instituted.

2035. Can you state generally what are the forests in India now that have been brought under conservancy under the new system?—There are the Punjaub forests; deodar and other pine forests in the hills of that province.

2036. Can you give us any idea of the area of these forests?—It is very difficult to do so, because they are very extensive. They are not demarcated in the Punjaub, and I could not give any estimate of those; but in the Central Provinces, they are about 21,000 square miles; in Burmah they are about 2,400 square miles; and the Assam forests are 4,000 square miles. I heard from Mr. Brandis the other day, that the forests in the North Western Provinces and Bombay and Madras were not demarcated.

2037. What is the nature of the forests, and their character generally, in the Punjaub?—They are chiefly deodar and pine wood.

2038. And in Oude, what are they?—I think sâl chiefly. In Assam there are very valuable forests of caoutchouc. In parts of Assam there are the Soom forests which are much valued for silk worms. There are also sâl forests in Bengal. In the south you get the teak, which is the really valuable property. In Burmah there is very valuable teak, but it has been very much ransacked. The Attaran forests were the first made use of in the Tenasserim Provinces, and they were quite ruined for want of conservancy.

2039. In regard to the North Western Provinces, are there any forests there?—Yes, some very valuable forests there.

2040. Of what timber?—I believe all the sâl to be very valuable; and, of course, there are pines in the hill districts of the Himalaya.

2041. And in the Lower Provinces of Bengal, what forests have they?—They have sâl there.

2042. And in Madras?—They have in Malabar teak and other woods; they have ebony, and they have also sandal wood which is very valuable.

2043. And in Bombay, what are the forests?—They have teak there also. The Bombay forests are so large now, since the addition of the valuable forests of Canara, that the Government have been obliged to appoint two conservators. Part of the Canara forests were taken off from Madras, and given over. They are extremely valuable; the teak there is magnificent.

2044. What character are the forests of the other

other part of the Bombay Presidency?—They contain teak too.

2045. Are there forests in Scinde?—Yes; not with such large timber, but they are chiefly required for fuel for the steamers on the Indus.

2046. They are consumed locally then?—Yes, but I think there is also an export to Bombay from Kurrachee; I am not positive however on that point.

2047. Is the establishment for the management of these forests now completely organised?—It is being added to; Madras has not been re-organised; but I believe it is under the consideration of that Government to make proposals to the Governor General on the subject. The scheme has not yet been sent home.

2048. Are natives chiefly employed in the establishments or Europeans?—The subordinate places are filled by natives. It is intended, as soon as it can be managed, to employ the educated natives of high families, who would be glad, I believe, to serve in the forests, but at present they have no training or aptitude for the work. When there is a forest school in India, which is the object that the Secretary of State and the Government of India have in view, it will be possible to train the natives.

2049. Are you sending out skilled men now?—The Secretary of State is training young men now on the continent of Europe, in France and Germany. The governments of those two countries have been very kind about it, and the system as yet is answering extremely well. The young men get on very well with the authorities and with their comrades. Those that have been sent out have not been out two years, but they have been spoken well of up to this time. The young men are sent to the Continent for 2¼ years, and then go to India.

2050. What has been arranged for the methodical administration of these forests for the purpose of producing revenue; have they been classified?—They have been divided into reserved and unreserved, the reserves being those from which everybody, except the Government officers, are excluded, but cuttings are allowed in the unreserved ones, with the permission of the department. There are also forests which have been appropriated to the villages in some cases.

2051. Do you mean whole forests?—Certain districts and jungles given over to them for the wood, to which they have, by custom, a right to make their implements, and to procure leaves for manure and twigs to burn.

2052. But with regard to the reserved and unreserved, are there general rules under which licenses are granted to cut timber?—Yes, in the unreserved there would be. It is differently managed; in some places it is done by a seignorage, but the orders are so soon as the forests are fit for it, to get them under departmental management. In some districts the establishment is not large enough, and it would be too expensive to do it all at once; but gradually it is intended to get them all under actual organisation.

2053. In what way is the produce of the reserved forests reserved?—By preserving the timber for the use of the people; it is reserved by the Government in order to stop the entire destruction of all the forest.

2054. In order to allow the timber to grow to a proper marketable size?—Yes.

2055. The timber in those reserved forests having been cut down already?—Yes, in a great many; and where the forests have not been ill-used, the object is to preserve them, and to deal them out according to regular rotation and regular management.

2056. But you are not able to state now what is the extent of the forests?—No, it would not be safe at all to do so. I thought that question would be asked, and I tried very much to make it out; but any statement on the subject, I think, would only mislead. When the forests have been surveyed and demarcated, we shall know better what the area is. Even then, I suppose, they are so extensive that we may not know very accurately.

2057. Is it supposed that according to the present extent to which the forests are being used, the reserved forests will produce timber to be taken up at the time when the unreserved are exhausted?—Yes, certainly; but I might mention that the reserved are not so reserved as that they are not cut by the Government officers. The Government officers still cut in the reserved forests according as the timber is required.

2058. Do you mean required for the purpose of Government?—Required for the purpose of Government, or for the purpose of keeping the rotation of the forest; the trees that are fit for cutting are cut.

2059. When they are cut in that way, are they sold and brought to account as revenue?—Yes.

2060. Will you state by what mode the revenue is collected from the public who are allowed to cut timber?—Sometimes by licenses, and sometimes by a royalty upon the timber brought out of the forest, a seignorage.

2061. And are these demands and payments regulated administratively and not by any legislative enactment?—There is a legislative enactment, which is to be amended; but it does not deal with that point; it only establishes the right of the Government to do certain acts in the forests.

2062. Does it prevent the public from going into the forests without the license of the Government?—Yes, it does.

2063. Can you tell us what has been the revenue derived from the forests by the system of licenses and otherwise?—I cannot give you what has been got by one and what by the other; but in 1863-64 the gross receipts of the forests were 304,443 *l.* for the whole of India. I take 1863-64, because it was the first year that the forest revenue was not mixed up with the sayer duties; they were put together before that date. But in the Budget estimate that we have now for 1871-72, it is estimated at 573,220 *l.*

2064. Have you any classification of that revenue in the different forests, or the different presidencies?—We ought to have such a classification, because there is always a separate annual Budget prepared for each administration.

2065. Has the increase been gradual?—It has been gradual I should say; in one year it was a little less than in the previous year, but otherwise it is a gradual increase. It has been 304,000 *l.*, 350,000 *l.*, 356,000 *l.* (this official year comprised only 11 months), 304,000 *l.*, 331,000 *l.*, 420,000 *l.*, 458,000 *l.*, 468,000 *l.* (regular estimate), 573,000 *l.* (budget estimate), so that you may certainly say that it is a gradual increase.

2066. Have you ascertained the causes of that increase?—I have no doubt myself that the causes

Mr. C. B. Phillimore.

25 April 1871.

are the better management of the forests, and that they have produced more.

2067. Do you mean that more timber has been cut in the forests, or that the charges have been raised for cutting the timber?—I do not believe that the timber is charged higher, but I believe it is the better administration, and that they get more out of the forests.

2068. Are you quite sure of that; do you know from the reports that there has been no rise in the rate charged by Government for cutting the timber?—I know in Madras there was recently a rise in the charge for fuel. It was very low before, and the Government have always been told that there was no reason why the department should not charge the market price, and that, even to the other departments of Government, it should not give away its revenue.

2069. Do you know whether that revenue includes anything that was cut for the use of the Government; was it charged first to that side of the account?—Yes; lately they have been making some State railways, and it has been observed that the Forest Department lost by the transaction; and the Secretary of State has told the Government of India that it ought to be sure to get its profit out of these transactions, just as if it were an individual.

2070. You mean that on the one side of the account the full value of timber should be entered as if it were sold to private persons?—Yes; that Government should receive the full value.

2071. And then charged as the expense of the construction of the railway on the other side of the account?—Yes.

2072. Do you think that that order has had any effect in increasing the revenue?—It is only in the last year that it has gone out. I have no doubt it will be attended to.

2073. But has the expense of the administration of the forests kept pace with the increase of receipts?—It has, and naturally, because finding the forests in very bad order, of course expensive establishments are required to bring them back to order.

2074. Can you state the expense of administration in the first year you mentioned, and in the last?—Not for the first. For 1864-65 the expense was 186,000 *l.*, and the surplus was 163,000 *l.* The Budget estimate for this year is 573,000 *l.* for receipts; the charges are estimated at 451,000 *l.*, and the net is 121,000 *l.*

2075. Then the effect of the administration appears to have been to reduce the net revenue; even though you had brought to account the supposed profit of the Government railways, you have reduced the net revenue by a considerable amount?—Yes, it will be reduced until you have the effect of these measures of conservancy. You certainly have increased the receipts very much.

2076. But you have increased the expenditure so much, that you have diminished the revenue?—But that was because you must necessarily do so; in future years you will get the benefit of these new establishments, and you will then get a larger net revenue.

2077. But is that a speculative opinion of your own, or have you any authentic information in the way of a commercial estimate of the out-turn of the undertaking, which shows that that is the case?—We have not that; but the Governor General has expressed a very strong opinion on the subject.

2078. The Governor General knows no more about it than you do, because he does not administer the forests; have you any practical estimates, founded on what may be called a commercial investigation of them?—The Inspector General is acquainted with all the forests, and with what they are likely to produce; and it is shown by the reports sent home, that he very carefully considers the probability of a return being made to the Government ultimately.

2079. But I want to know whether you have got any information that is apart from the general expression of probabilities, based on what we may call an estimate; for instance, of the number of timber trees per acre, or per square mile, and so forth, showing what would be cut down within a definite term of years, and at what value?—We have got nothing based upon the actual area and the number of trees, except in particular forests. Whenever any increase of establishment is recommended, it is always stated what are the grounds on which it is expected that there will be an increase of revenue, which will make this increase of establishment answer to the Government. It would be refused or modified where there was no probability or expectation of such an increase.

2080. Do you expect that the cost of the establishment will be diminished in future years, or will it continue to increase?—There is no doubt that when you can get your training school in India, and can employ the natives more, administration will not be so expensive; but now there is the sending out of skilled people from England, and the employment of skilled people in India, which of course make it expensive at first.

2081. Have you any statement of the number of Europeans that have been sent out or have been employed in India as compared with the number of natives?—I think the European establishment all over India is 88 or 90.

2082. Are they all permanently employed?—They are all permanently employed; they are all either conservators, deputy conservators, or assistant conservators.

2083. Are they employed for the whole of their career with promises of promotion, under some scheme of promotion?—Yes, under a regular scheme of promotion which has been sanctioned in this country.

2084. And under a retiring allowance?—Yes, but many of these are officers of Government who have taken to this line.

2085. Who belong to the General Civil Administration of the country?—Yes, both covenanted and uncovenanted.

2086. Can you state the number of natives that have been employed under them?—No, I cannot. One native has been nominated to one of these training appointments.

2087. Has any distinction been made in his salary from the salaries of the others?—No, because he was sent out from England.

2088. You have mentioned that by employing natives instead of Europeans the expense would be less; I want you to explain how the expense is less, if when a native is employed instead of a European, he is paid the same salary?—I was alluding to the time when you would have your training school in India. Then you would fix a different scale of salaries; you would not give a man the same salary who was in his native country as you would if you took him from a distant country and sent him out to India.

2089. The

2089. That opens a large question; but are you aware, that Government have taken that view of the payment of the salaries of natives, or have they not acted on the view that you condemn rather of paying the natives exactly the same salaries as the Europeans, when they hold the same appointment under the same conditions? Are you aware of any rule laid down by the Government of India or the Government at home, that where a native holds an appointment and performs duties under the same conditions as a European, he should receive less salary?—I am not aware of any such rule, nor do I know that any exists; but it only strikes me as a natural consequence.

2090. What I want you to distinguish is between your own speculations of what might be right and what is now going on in India as a matter of fact?—There is no training going on in India, and none can go on just yet.

2091. You have told us that the only native who has been sent to take an office in the Forest Department under the same conditions as a European has received precisely the same salary as a European employed in his place would have received; in that view of the case, would the employment of natives in any way reduce the expenditure?—Not of course in that view.

2092. Is not that the only view which is presented to us by the proceedings of the Government of India?—At this moment, certainly, it is.

2093. However, it is your opinion, that if natives were employed on a lower scale you might reduce the expenses?—Yes.

2094. When do you expect to see any sufficient number of natives qualified to perform these duties?—There can be no training school in India until we have got the forests in such a state as to present an example of what a forest should be, and until there is a sufficient number of skilled people in India who can instruct others.

2095. Have you got a school of instruction out there?—No; and none is to be established until there is a sufficient number of skilled people to instruct, and forests in such order that they they would present an example of what forests ought to be. That I know was Mr. Brandis's view of the matter.

2096. You have no approximate estimate at all on which an opinion can be formed as to the future production of the forests?—No, I do not think any could be got. The conservator of Canara this year has said that the forests will produce a very much larger sum than they do now.

2097. Is that general assertion supported by any approximate estimate of the produce of the forests worked out in figures?—Not worked out so as to be accepted as a regular estimate.

2098. Will it be necessary to legislate for the purpose of getting a proper administration of the forests as a source of revenue?—There is a Bill now before the Legislative Council. I have seen a notice with regard to it, saying that the Government believed that it would fully meet all the requirements. It has been prepared with great care by Mr. Brandis and Mr. Baden Powell, who is now acting as conservator in the Punjaub.

2099. After that is passed, there will be no legal difficulty in the way of preserving the forests?—No legal difficulty.

2100. Do you consider that the forests are now being administered for the purpose of producing revenue, or for the purpose of supplying the requirements of the country in timber?—The Government have been instructed not to consider revenue as the main object, because the forests must be preserved even if it costs money, on account of climate, and on account of the production of timber and firewood.

2101. You look upon it that the main object is to have the production of better woods or more suitable woods in larger quantity available?—Yes.

2102. I think you say that the survey of the forests for actual demarcation has not been undertaken yet?—It has been undertaken in parts; part of Bengal has been done, for instance. In several administrations it has been begun.

2103. Do you know how far the general survey of India has penetrated into the forests, or does it only take the outer edge of them?—Only the outer edge, I presume.

2104. So that the whole inner plotting of the forests has to be yet made?—Yes.

2105. Mr. *Cave.*] I do not quite understand how you expect an increase of revenue from the better management of the forests; do you expect an increase of revenue from having a larger market for wood?—Yes, certainly an increased demand for wood. One of the circumstances which have induced the Government to look after the forests is the increased price of fuel and timber all over India, or almost all over India. The introduction of railroads, of locomotives, and of steamboats, has made a demand for fuel and also for timber for constructing the railways. The increase of population and the general increase of the wants of the inhabitants, has also led to an increased demand.

2106. How would an improved administration of the forests give you an improved revenue?—By enabling you to manage your forests more economically, and to bring more timber to market in better condition, and to have a supply always ready in rotation, and so on.

2107. And to improve the means of communication, I suppose, by making roads?—Yes, those are always charged against forest revenue; the forest roads are of course an expense which is not always recurring.

2108. And that is what you mean by the improved administration of the forests?—Yes.

2109. Do you also mean planting?—Yes; I include planting. There is a doubt in India whether natural reproduction or planting is the best method; but natural reproduction, if you can manage it, would be more economical; and there is no doubt that both ought to go on together.

2110. In how many years would the trees become valuable that are planted under this new system?—I believe that teak trees are 80 years in growing.

2111. Until you first bring into the market the trees which are now planted, you would expect an increase of expenditure not commensurate with the increased revenue, I suppose?—Not necessarily. I should think that every year there would be an improvement.

2112. But with regard to that part of the operation of the administrators of the forests which consists of planting, that would be a dead loss for 80 years, would it not?—No; you get the loppings, which more than pay the expenses. There is an example of that in the Malabar plantations. Mr. Conolly, the collector, made some

Mr. C. B. Phillimore.

25 April 1871.

some very fine plantations, and they more than pay their expenses from the loppings.

2113. Those loppings must be from the old trees that are being cut down now, are they not?—No, from the trees of the plantation. I think that these plantations were begun in 1842.

2114. Then, in fact, the trees that are planted begin to bring in some profit long before the 80 years that you mentioned?—Certainly.

2115. How soon would a plantation begin to pay its own expenses?—That I should not like to say.

2116. Still, long before the time that the trees had to be cut down, it would begin to bring something towards the revenue?—I should say long before; but that is a question which Dr. Cleghorn could give you practical information upon.

2117. Mr. *Fawcett.*] I understand that you superintend the forest departments at the India Office?—Yes.

2118. And I suppose there is quite enough to occupy your time in that duty now?—There is plenty of work in it; but I am also in the Revenue Department.

2119. There is really a distinct Forest Department in the India Office, is there not?—It is joined to the Revenue Department.

2120. How many officials should you say were employed at the India Office in this Forest Department?—There has been no addition made on account of the forests specially, except that when there are forest examinations there is a temporary clerk employed specially.

2121. Is there a very considerable amount of work to be done in the India Office connected with the Forest Department?—I find that there is.

2122. In the revenue accounts, or in any other accounts, is any estimate given of the expense of the home charges incurred for the Forest Department?—They are not separately put.

2123. So that we have no means of ascertaining what the home charges are for administering the Forest Department?—The home charges are nothing but the secretary, and the assistant secretary, and three clerks, who are partly revenue and partly forest officials. It is a mixed department, which has rather grown of late years; the last five or six years, I may say.

2124. You have not been to India yourself?—No.

2125. Can you furnish me with the leading items which compose the revenue of 570,000 *l.*, and from which the forest revenue is derived?—I cannot give the items.

2126. May I venture to ask what the Revenue Department of the India House does with regard to the forests?—It reviews the Budgets that come from India on the subject, and it does go through the accounts.

2127. But how can you review the Budget if you do not know the items?—A matter of pure detail would not be sent. The annual reports furnish us with information. But some reports, I think, only give the receipts of revenue for the different districts.

2128. Has the Revenue Department of the India Office, with which you are connected, ever ventured to suggest to the authorities in India that you cannot review a Budget without knowing the items?—There is an annual report sent every year from Bengal, Madras, Bombay, and the other administrations, and the information you want can be got from these.

2129. I venture to think it strange, considering that a considerable charge, whatever it may be, is thrown upon the revenue of India for these expenses of the India Office in superintending the Forest Department, that apparently no account whatever is kept of the items of revenue. You cannot furnish me with a statement how much is produced by the sale of wood, how much from the loppings, and how much from any other sources of revenue?—I could tell you, certainly, from the annual reports of each district. They are not put together in any one shape in the Forest Budget, for which the general receipts and charges only are wanted.

2130. But has it not ever struck the authorities of the Revenue Department that there is an extraordinary growth in expenses, that with a greatly increased revenue, you have expenses increasing so fast that the net has diminished instead of increasing?—We know that it has been increased by the necessity of increasing the establishments for the purpose. No establishment is increased, at least except a very small sum is involved, without actual sanction from home.

2131. I would venture to ask you what you define the function of the Revenue Department at the India Office to be, except to keep some check and control upon the expenditure; cannot you form some estimate, you having been in that department for some years, of the items of this revenue?—I know the sources from which they are derived, from the sale of timber, fuel, and forest produce of other kinds; honey and lac, and the like.

2132. But you cannot give me any idea whether half the revenue is derived from timber and one-third from fuel, or whether one-third is derived from timber and half from fuel?—I could find out that, I think, certainly; but of course that is a matter of detail that we should not interfere with here. As long as it is shown that there are certain profits derived, that certain wood must be got, and that the forests will produce it, the proposal would be sanctioned.

2133. Perhaps you would, by an example, give me an illustration of any case of interference. I want to know what you do at the India Office, if you do not superintend these items?—We do superintend; there is not a single paper which is not read very accurately and carefully.

2134. But would you give me any example of your objecting or interfering in regard to any items of expenditure?—I cannot at this moment call cases to mind, but remarks and objections are constantly made on other subjects, and would be, if necessary, on this.

2135. You could not furnish us with an example?—Not at this moment.

2136. Are you quite sure that no portion of this revenue has arisen from the sale of certain proprietary rights of the Government in the forests?—None; I may say that.

2137. That the Government has not sold the right of raising revenue from the forests?—No; on the contrary, they have been desired particularly to keep all the forests as much as they can in their own hands; they rent private forests, if they can get hold of them.

2138. You have read the reports and financial statements that are usually made in India; and this 570,000 *l.* that the forests yield is put down as an item of revenue?—I have not read the general financial statements, but that is the sum named in the Forest Budget for the year 1871–72.

2139. Is

2139. Is there at the same time in the Budget an item put down for expenditure?—No doubt that would be ascertained in the financial department; I have nothing to do with the account.

2140. Is it not an element, in looking after the revenue, to see at what expense that revenue is obtained?—No doubt, or I should not have been able to give the items that I have given to-day.

2141. But you do not know whether it is put down in the financial statement of each year?—I can say it is. I have got here a paper which states what they mean to put into the Forest Budget. I gave you the Budget charges at the same time that I gave you the Budget receipts.

2142. It is stated in the financial statement, and not mixed up with other items of expenditure?—It is mixed with the land revenue in the accounts, "land revenue, forests, and abkares (includes allowances to district and village officers in 1870–71)."

2143. Are you quite certain that in the financial statement which is annually made in Calcutta, from which the public obtain their information as to the financial position of India, it is distinctly brought out that the Government gets 570,000 *l.* from the revenue from the forests, and that the expense of getting that revenue is 450,000 *l.*?—I have no doubt that it is.

2144. But you cannot be certain whether it is stated as a distinct item?—I have not the smallest doubt it is, but I cannot state for certain, because I have not read the Budget speech.

2145. Sir *T. Bazley.*] Has the sale of timber for fuel been confined to the inferior quality of timber?—I do not know. Of course the good timber is not sold for fuel; the teak is not sold for fuel, except the loppings, or except, perhaps, accidentally.

2146. What market is teak sold in?—I do not know which market; the people come for it to the forest depôts, and a great deal of it is conveyed to Bombay, Calcutta, and Madras.

2147. If only people in the neighbourhood of the forests send for the timber; it is a limited market?—Yes, but there is a great demand; from Burmah there is a considerable export.

2148. Mr. *Lyttelton.*] Is there a large foreign trade in timber?—I do not know the extent of it, but I think the foreign trade in timber is chiefly from Burmah, Moulmein, or Rangoon.

2149. *Chairman.*] That is chiefly exported, to import it into other parts of India, is it not?—Yes; but I believe a good deal of teak has been exported of late years to Europe.

2150. Mr. *Lyttelton.*] Is there any export duty on timber in India?—No, not in any part of India.

2151. I thought there was in Burmah?—There is a transit duty on the timber that comes from foreign states, which is the way we levy the royalty on that which comes down from the upper states.

2152. Mr. *Candlish.*] The surplus from these forests in 1864, I think you stated, was about 250,000 *l.*?—In 1864 it was 163,000 *l.*; the receipts were 350,000 *l.*, the expenditure 186,000 *l.*, and the net 163,000 *l.*

2153. What was the last year which you gave?—The last is the Budget estimate; receipts 573,000 *l.*, expenditure 451,000 *l.*, and net 121,000 *l.*

2154. That would be a surplus of about 120,000 *l.*?—£. 121,000.

2155. So that the greater the income the less the surplus?—That is exactly what I hope people will not think.

2156. That is exactly what the figures disclose, is it not?—Not altogether. In the estimate for the year you do not get the value of the stock in hand which is always considerable, because at the date when the Budget accounts are made out, there is always a considerable number of outstanding liabilities, and there is stock in hand, which is carried to the account for the next year.

2157. *Chairman.*] But that would be the same for each year, would it not?—Yes; but the last one you have the benefit of.

2158. Unless those figures be very much in excess of what they were in former years, that would not affect the comparison?—No.

2159. Mr. *Candlish.*] Then the increase of revenue is about two-fifths between 1864 and the present estimate?—Yes.

2160. Whilst the increase of management has been two-and-a-half times, because 186,000 *l.* multiplied by two-and-a-half, is about the present cost of management?—Yes.

2161. What is the improvement in administration which you have got for this increase of 260,000 *l.*?—We have not got it yet; we are to reap it; we hope to reap it.

2162. I am asking you definitely what is the improved administration which you have got?—You have got a regular organisation; you are not now dependent upon one single individual, and his taste in cultivating the forests; he might do it extremely well, and many of the collectors did it well, for a certain time, and then some other collector came, and his taste not being in that direction, the forests were neglected.

2163. Then for this two-and-a-half increase of cost we have improved taste, and uniformity of administration?—I meant that a man's own inclinations might lead him to look after the forests, and another man to neglect them.

2164. And for the sake of uniformity of management we have paid two-and-a-half times the previous cost?—If you like to put it in that way. What I mean is that you cannot, unless you have a separate department, have a regular organisation of the forests, because it only depends upon the inclination of one man, and there is no system.

2165. But the main object is revenue?—The main object is not revenue in this case.

2166. Do you know any parallel case in India or England, or any part of the world, anything that has come under notice where the cost of managing an estate is four-fifths of the revenue?—I have not inquired into that.

2167. You expect a diminished cost of management when you have superseded Europeans and employed natives?—Not wholly on that ground, but I expect that as the forests get into better order they will require less management, and therefore the expenses will be diminished; and I also stated that I thought native management would be cheaper than European, and that you might get to that in time, when the natives were sufficiently trained.

2168. Let me put this general question to you; would not the pay of natives at a less rate than the pay to Europeans tend to engender very much discontent amongst the natives of India?—I should think not, but that is a point to be decided by those who have been in India, and know that Europeans are differently paid, as to some extent is the case now.

Mr. C. B. Phillimore.

25 April 1871.

2169. You think that political evils would not result from the saving of money in that way?—I cannot say.

2170. What is the object and utility of this money management which is in your hands?—The objects of the superintendence of the forests is the object of any general branch of Government, which is reported to the Secretary of State. He must have somebody to look through the papers.

2171. But we are paying 450,000 *l.* out in India for the management, and the India Office bears no responsibility?—I do not understand the bearing of your question; do you mean that there should be no reports made from India on the subject of the forests?

2172. What is the object of the present Home management?—To control the Government of India, and see that the work is properly done.

2173. To control men in managing their own affairs?—Not that.

2174. The Home Government are not liable for any money results, are they?—The final responsibility rests with the Secretary of State in Council.

2175. *Chairman.*] You assist the Secretary of State in Council in the exercise of his powers of supervision over the Budget?—Yes, that is the Forest Budget.

2176. Mr. *Candlish.*] What is the whole expense of superintending this forest account; have you any assistants?—I am the assistant of the secretary in the Revenue Department.

2177. Have you clerks?—Yes.

2178. What is the expense of superintending this forest account in England?—I really do not know what their salaries are; but, as I was explaining to another Honourable Member, the Forest Department is merely an adjunct of the Revenue Department. I happen to have taken interest in it, and to have had the management of it.

2179. You cannot point out to the Committee what are the advantages accruing to India itself from this superintendence of the Forest Department in England?—I think great benefit has accrued to it; by that means we are enabled to get a system for training men who will be of great assistance for preserving the forests.

2180. The English superintendence has been the means of creating a service of men for managing the forests in India?—Training them.

2181. You do not train the men here at all; they are trained in India, are they not?—We take the steps for getting the men; we supply the men; we find the men, and make the arrangements for having them trained in France and Germany.

2182. Then the use of this home superintendence is to supply servants to India?—That is one use of it.

2183. Mr. *Grant Duff.*] Your position is that of an assistant in the Revenue Department?—Yes.

2184. The Revenue Department of the India Office is the department which deals with all the despatches that come from India, relating to the land revenue, salt, opium, customs, and excise?—Yes.

2185. Mr. Prideaux, who is the head of that department, and is at present ill, and cannot come before us, has for some years handed over to you the dealing with those despatches which come from India specially relating to the Forest Department?—Yes.

2186. And you have gradually, from taking an interest in the subject, got into your hands whatever business there is at the India Office that especially relates to forests?—Yes.

2187. But there is no such thing as a forest department or even sub-department properly so called?—No, it is an adjunct; it grew out of the Revenue Department, and for this reason that the saver duties were also under the Revenue Department, and so the forest duties got mixed with them.

2188. The proper answer to a question that was put to you a little while ago, as to the amount of expense at the India Office that was caused by the supervision of the forests in India, would have been a fraction of your salary?—Yes, that is what I intended to convey.

2189. A fraction of your salary is the whole expense of the India Office establishment relating to the supervision of the forests?—Yes, that is what I intended to convey.

2190. I suppose that you have made all the arrangements that have become necessary, on account of the establishment in India of a scientific forest service, on the same plan as those which exist in all those countries of Europe where there are great forests?—Yes; but I do not mean to take the credit of having done all that.

2191. You have had the general superintendence of it?—Yes.

2192. It has been, for instance, your duty to make arrangements about the examination of the young men?—Yes.

2193. And, further, when the young men have come into service by competitive examination, it has been part of your duty to correspond with the directors of the great forest schools at Hanover and Nancy, where they have generally been trained, and to make all the necessary arrangements for these young men there?—Yes.

2194. Has it further been your duty since the training at Nancy was interrupted by the late events on the continent, to make a great many arrangements in this country, so as to prevent the supply of young men for the forests of India being cut off and stopped for a time?—Yes.

2195. And you have had a great deal of correspondence connected with all these matters?—Yes.

2196. Nevertheless, you do not want to convey to the Committee an impression that the work of the Forest Department is all the work that you do at the India Office?—By no means.

2197. Of course the amount of superintendence in any proper sense that can be carried on in this country with regard to such things as forests by the Secretary of State in Council is very small indeed?—Of course it is; it is only with respect to general principles.

2198. But it is the principle of our Government, is it not, that all matters of great importance should be reported to the Secretary of State in Council?—Yes.

2199. So that he should be kept generally informed of all that is going on?—Yes.

2200. Therefore that being so, it must be the duty of the Government of India to report generally, of course not in great detail, as to what it is doing with regard to its forests, and it, of course,

course, must be the duty of you or of some other person to attend to all those despatches that relate to forest matters?—Yes, to read those papers and the enclosures on which they are founded.

2201. Without yourself or some one in your place, would it have been possible for the Indian Government to have got together a trained staff of forest officers in Europe to supply its wants in India?—I should say not, they must have had somebody to do it.

2202. This whole system of scientific forest management in India is quite in its infancy?—Quite in its infancy; the first set of trained men only went out at the end of the year 1869.

2203. But in all countries in which there has been for a long series of years a scientific forest management, it has been found, has it not, that that scientific forest management eventually produces very considerable direct advantage to the State as well as indirect advantages of many kinds?—Yes, I should say so.

2204. And there is every reason to suppose that the same results of direct advantage, as well as the results of indirect advantage will be produced in India?—Certainly.

2205. Mr. *Fawcett.*] I understood from an answer which you just now gave to Mr. Grant Duff, that the expense of managing the Forest Department in the India Office was represented by a portion of your salary; would it not be more correct to say by a portion of your salary and the salaries of the other assistants and clerks who are employed?—Of course there are clerks who copy letters if they are wanted, and you might take a fraction of their salaries too.

2206. Mr. *Grant Duff.*] But that would be something perfectly insignificant?—Very small.

2207. Mr. *Fawcett.*] I understand from what you have just stated, that Mr. Prideaux, the head of the Revenue Department, has handed over this Forest Department as a department of the revenue to you?—Yes, he left it to me.

2208. Therefore you are primarily responsible for it?—Yes.

2209. You knew probably that this was a Finance Committee?—Yes.

2210. And that we should like to obtain information from you particularly on finance?—Not on the details of finance.

2211. But on the principles of finance?—And only as regarded particularly the forests.

2212. Can your furnish me now with a statement of the revenue and the expenditure of each particular forest to which you have alluded; for instance, can you tell me what is the revenue that the forests of Bengal or any other presidency yield, and what will be the expense of management?—I will take Madras; the figures sanctioned for 1871-72, are these—receipts, 49,500*l.*; charges, conservancy and working, 21,450 *l.*; establishment, 17,250 *l.*; surplus, 10,800 *l.*

2213. That you know with regard to each forest?—Yes.

2214. But there are no accounts sent to your office which enable you to say how the items of revenue are made up although yours is a revenue department?—I could make them out from the annual reports.

2215. Have you ever made them out and presented them before your chief?—I have stated the matter generally; I have not presented them in any detail; at least, I do not always so present them.

2216. Is there any paper or record which you could produce, in which, before any authorities of the India Office, you have laid the items of this important branch of revenue?—Not the items, unless for special reasons.

2217. And although yours is a department for supervising the revenue, you do not think it necessary to go into details?—I do not say that, but it is a different thing to lay all the details before my chief.

2218. But I am unable to ascertain whether you have been into detail?—I always go into details.

2219. You have been engaged in this department for many years?—For some years.

2220. Then you can give me some general idea of what items this revenue is composed?—I cannot tell you the proportion that one bears to another.

2221. You can give me no rough estimate even of what portion of this revenue is produced by the sale of timber and what by the sale of fuel?—No.

2222. *Chairman.*] Would it not be possible for you to make out a tabular statement from the reports, showing how the revenue is derived from all sources, and showing how many trees have been cut down in each forest, and so on?—I will see; I have no doubt it can be made out from the annual reports for any one year.

2223. Mr. *Fawcett.*] You do not actually know whether it can or cannot be made out, you have examined these accounts so carelessly?—I have not examined the accounts carelessly, because I go into them with great minuteness and accuracy, but I do not carry those things in my head. There are 12 of these separate administration reports.

2224. Not only cannot you tell me what the items of revenue are, but you cannot tell me whether it is possible to find them out from the annual reports; you simply say you think it is?—I look upon the items from which the revenue is drawn as a matter of detail for each year; I think it is a pure matter of detail. I should think it wrong to suggest to the Secretary of State, unless there was something evidently wrong, or any great discrepancy, that he should interfere with the Governor General, or the Governor of Bengal, or of Madras, on a point of mere detail.

2225. But how can you find out whether there is anything sufficiently wrong for you to suggest it unless you go into these details?—But I do go into them.

2226. I ask you whether you can certainly furnish me with these items; if you had ever gone into them, you could, I presume, tell me distinctly whether you could furnish them or not?—I have no doubt that I should be able to furnish them, but I do not wish to commit myself on that point, because I do not wish to have it said afterwards, "This is not what I wanted."

2227. Perhaps you will kindly come and hand them in another day?—Yes.

2228. *Chairman.*] Will you prepare a tabular statement showing the sort of timber that has been derived from each forest, distinguishing that which has been cut down and sold by the Government as timber from that which has been cut down by individuals under licenses, and showing how much has been realised by the timber and how much by the licenses?—Yes, that can be easily given for some provinces; Burmah for instance.—(*Vide* Appendix.)

Mr. C. B. Phillimore. — 25 April 1871.

2229. Sir *J. Elphinstone.*] I think I understood you to say that the Forest Department was of recent establishment? — It is, in its organised form.

2230. How long is it since it was established? —It was established in 1862.

2231. When you took over these forests, they had been very much ravaged, and were in an exceedingly bad state, were they not?—Very much so.

2232. I think I understood you to say that there were in Central India 21,000 square miles, in Burmah 2,000 square miles, and in Assam 4,000 square miles, making altogether 27,000 square miles of forests?—Yes; but I mentioned at the same time that that would give only an inadequate idea of the extent.

2233. If I recollect rightly, I think that is about the area of the surface of Ireland?—Perhaps so.

2234. Finding those forests in this damaged condition, it is a fact that at this time you have a surplus revenue on the right side?—Yes.

2235. And you anticipate that you will not have a deficit, but that the surplus will in all probability be increased?—Yes, certainly.

2236. Mr. *M'Clure.*] Is there any system of inspection and report to the Government of the state of the forest, independently of those who have regular charge of it?—No; the conservator is the person who makes the report to the Government.

2237. And there is no intervention of any other party?—There is the Inspector General of Forests, who advises the Government upon all points, and superintends himself those forests that are under the Chief Commissioners, for instance in Burmah, Central India and Oude; but he does not interfere, or only very little, with the Lieutenant Governors, and not at all with the Governors of Madras and Bombay.

2238. It is the local government that has the charge of the forests?—Yes.

Mr. Hugh Cleghorn, M.D., called in; and Examined.

Mr. H. Cleghorn, M.D.

2239. *Chairman.*] What is your employment in connection with the forests of India?—I went to Madras in 1842 in the medical department; in 1852 I was appointed professor of botany in the Medical College; in 1855 I was requested by Lord Harris to draw up a scheme for organising a forest department for that presidency; in 1861, I was directed by Lord Canning to proceed to the Punjab to introduce the same system, and to examine and report upon the timber resources of the Western Himalayas, that they might be rendered available for railway wants and State purposes; and two years afterwards I was associated by Lord Elgin with Mr. Brandis, in drawing up a scheme of forest conservancy for all India.

2240. Will you be good enough to give us, without all the details, a short explanation of that scheme?—In 1855, when I undertook to draw up a scheme there was no system previously existing in the Presidency of Madras. The forests were in a very damaged state. Railways then beginning were at a standstill for want of sleepers, the Wellington Barracks for want of beams, and the Ordnance Department for want of gun carriages. There were great difficulties in obtaining timber. A few probationary assistants were appointed, and year by year several collectorates were examined and reported upon, until the whole presidency was gradually overtaken, and the department was formed.

2241. What was the principle of the arrangement of the department?—I was the first conservator, with three assistants, three second-class assistants, and a few native subordinates.

2242. And what forests had you to conserve? —My business was to go from collectorate to collectorate, to ascertain what forests belonged to Government, and what forests were worth conserving, and to propose to the local government how to treat them.

2243. Do you not use the word "forests" as including all the growing trees that were claimed by the Government?—I use the word "forests" as representing a large area containing very little good timber, and yielding very little revenue at that time.

2244. What was the cause of that?—The almost utter exhaustion in accessible places.

2245. The forests were exhausted?—They were exhausted; timber had been previously obtained by very loose permits, and they were altogether in a very unsatisfactory condition.

2246. Did you take any trouble to ascertain the area and extent of the forests, and the general quality of the wood to be supplied from them? —In the original surveys, forests are included under the general term "wastes." There were no forests demarcated until the last few years; the forest demarcation is now going on, and in a few years I trust it will be completed. The forests of Madras are principally on the western coast, as shown on the map which is behind you, and which was prepared to illustrate a paper read at the British Association of Science (1868). The surveys are not fully entered; the colours indicate the distribution of the principal trees in the better or first-class forests. I propose to fill in the more recent surveys, and to prepare another paper for the ensuing meeting at Edinburgh.

2247. What was the productive character of these forests?—There was very little revenue derived from them at that time.

2248. But what stage of growth were they in; were they capable of producing a considerable income?—The forests required to be demarcated and put under regulation, by excluding cattle, preventing fires, and taking other necessary steps.

2249. But was the timber in them in various stages of growth, so that with care they would yield a good revenue?—By being shut up for a number of years, and a system of careful management introduced. The system is still in its infancy, but the forests are now in a very different condition.

2250. But was there no forest that was being worked at that time and yielding revenue?—They were worked by unscrupulous contractors or persons who received permits, but there was no check, as to the number of trees cut, upon the permits.

2251. But was there much timber available to be cut down at that time?—The supply of timber at that time was very inadequate and very uncertain. As I have mentioned, the public depart-

ments

ments were in great want, and that was one reason why the Forest Department was formed.

2252. What was the system upon which the trees were to be cut down and the forests administered that you organised?—The system was that a certain number of trees should always be left per acre: that every tree should be marked by the department in the first-class forests, and that there should be annual working plans and Budget estimates.

2253. Were the forests to be cut down by the Government or by other persons by license?—They were entirely cut down at that time by persons holding licenses.

2254. What was the payment made; on what principle?—A small rate of seignorage per tree; it varied according to the kind of tree; it might be one shilling, or it might be three shillings, or four shillings.

2255. That would be according to the size of the tree and the character of the wood?—Yes.

2256. When did the Government begin to cut down timber for the purpose of selling it?—As the forest organisation improved, and as reserves were formed, the departmental system was gradually introduced, and the license system gave way to it.

2257. And the principle of the administration was that Government itself should cut down the trees?—As far as possible under their supervision.

2258. And that no one else should be allowed to do so?—Not in the first-class forests; it was all to be done by Government and their employés.

2259. How long is it since you saw the forests?—I came home three years ago. I have personal knowledge of most of the forests in the Madras Presidency, and a great extent of the Punjab and North-west; I have also seen those in Burmah and other parts of India. Madras was under my charge for 11 years.

2260. What has been the effect in Madras of this system of administration of the forests, as far as you have seen?—The Government at various times have admitted that the forests are in an improved condition, and there has been an increasing revenue. There has been a great diminution of wastage; that is to say, timber trees were formerly cut at 4 feet from the ground, whereas now they are always cut at the lowest possible point. No fires are permitted in the forests; formerly a great deal of wood was burnt. The railway and other public departments receive their supply on half-yearly indents, which was not the case before; there were great delays and great uncertainty as to the quality of the wood from want of seasoning.

2261. Are the forests now in such varying stages of growth that they promise a regular supply of timber?—The promise is improving annually. They are systematically inspected, both by the forest officers and by the revenue officers, and it is now a department which, although in its infancy, is year by year improving.

2262. Can you explain what the profit of cutting down the trees and selling them is, compared with granting licenses?—The profit apparently is greater from granting licenses, because you have less outlay; but the waste under that system was excessive; it led to the destruction of the forests.

2263. In what way do you mean there was waste?—There was no check on the license holder in the old time as to the number of trees he took out of the forests, and he was not tied down to cut the tree level with the ground; he cut it from three to four feet high, so that the best part of the tree was lost. And frequent forest fires did great damage; all that is now forbidden.

2264. Apart from these advantages, is it your opinion that there is less net revenue derived from the trees cut down and sold, than from the quantity of licenses?—I admit that there may be less net revenue by departmental management, for a time at all events.

2265. But, is it your opinion that there is, however, a growing improvement in the forests, which is an equivalent to that loss of revenue?—I consider that there is a very great advantage from departmental management in preference to the licenses.

2266. Have any means been taken to estimate the out-turn of any of the forests under the new system, as compared with the old?—I think the progress reports year by year of the 12 administrations, and a revenue increasing yearly are sufficient evidence as to that.

2267. But has any estimate been made of the probable out-turn of any of the forests?—I do not know that I could answer that question; I can speak more as to plantations, and the cost of plantations. Reference was made to the Conolly plantations, which, in the twelfth year, began to pay back, and every year since have paid an excess of revenue. They were begun in 1842; there was an outlay for the first 12 years, but there has been an increase in revenue every year since.

2268. But you are not aware that anything like an estimate has been made of the quantities and values?—Of that particular plantation and of others we have such estimates, but of the exhausted forests it would be very difficult to give an estimate.

2269. Has any estimate been made, or any attempt at an estimate, of the reserved forests?—I could not easily answer that question.

2270. Is there any great quantity of timber now cut and stored in the forests for further sale?—There is a much greater stock of timber taking all the depôts, than at any previous period.

2271. Ready for sale?—Seasoned and ready for sale.

2272. Have any steps been taken to make roads to open the forests?—There is a liberal allowance in every Budget for the improvement of communications, for roads, for the blasting of rocks in the streams, and also for forming plantations; something like 20 per cent.

2273. Do you know whether that is included as part of the expenses of the forests, or whether it goes to the expenses of public works?—It is purely forests. When within the forest limit, it is entirely forest expenditure.

2274. You are not in a position to give us an estimate in figures of the probable increase in production of the forests in Madras, or those that have been under your care?—I can only refer to the Budget figures for the last eight years, showing that there has been a steady rise in the receipts. Although there has been also a steady rise in expenditure, I believe that that was needful on account of the previous exhaustion, and will not be so great in proportion prospectively.

2275. What has been the effect of the legislation for the preservation of the forests?—There was

Mr. *A. Cleghorn*, M.D.

25 April 1871.

was an Act in 1865 which was accepted by seven of the minor administrations, that is to say, rules were formed under it in seven of the provinces and administrations. That Act imposed penalties on mischief and trespass, sanctioned confiscation of stolen timber and implements, and also enacted that the value of drift timber should be credited to Government. It was a very simple Act; the penalties were not severe.

2276. Are the forests to any extent replanted, so as to perpetuate the growth?—Every year there is a liberal allowance for replanting, and the formation of fuel plantations for railways has become an important duty of forest officers, imposed upon them by the necessities of the case, but causing great present outlay.

2277. You hope to be recouped that, when you cut down the trees to sell them?—Yes.

2278. How long do they take growing?—For fuel of railways and steamboats, seven or eight years; but for timber purposes, 70 or 80.

2279. That would depend upon the character of the timber?—Yes.

2280. Have you had anything to do with the forests in the Native States?—I have on three or four occasions drawn up leases by order of Government with native chiefs. The Rajah of Travancore has a conservator of his own, so has the Rajah of Cochin. They have seen the advantages and have adopted our system. The smaller hill chiefs write frequently for advice, and some of our rules have been introduced in a more or less modified form.

2281. Has anything been done to facilitate the cutting down or dealing with the timber; have you established any machinery for the purpose?—We have been desirous to supersede the use of the axe as much as possible by the introduction of the cross-cut saw, and other appliances. We have introduced timber carts, and in that way we have been able to carry out many pieces of timber which otherwise would have been lost. We are desirous to see saw machinery introduced more largely, for the saving of time and labour.

2282. Has it been used at all for converting the timber?—We have the cross-cut saw introduced in many of our forests; but saw machinery is not so easily introduced. We have it in one or two places. There are saw companies in Burmah, Bombay, and Assam. We encourage them and send wood to them. There are also saw-mills in the Punjaub at Madhapore.

2283. Are those private?—For the most part private. Madhapore is a Government one, and there may be one or two others.

2284. Do the Government undertake the conversion of the wood also in saw-mills?—In general they prefer transferring it to the companies.

2285. And all the expenses of managing this machinery appears in the accounts of the expenses of the forests?—In the case of the Madhapore saw-mill it is connected with the Baree Doab Canal. I do not think that any saw-mill appears in the Forest Estimate.

2286. Has the administration of the forests tended to decrease the wild animals to any extent?—Elephants are becoming very scarce in Southern India. They have been extremely valuable to the forest department. Every year they are fewer, and consequently we are the more anxious for saw machinery.

2287. You do not mean that you wish to see the wild elephants only?—No, but I was always against their being shot; they are exceedingly valuable, and are worth 9 or 10 rupees a day each when trained. A trained elephant is equal to 50 coolies in point of work.

2288. Do you think it desirable to let the elephants run wild so long as there is forest for them, or do you approve of keeping them in the cultivated forests?—No, certainly not.

2289. I understand you think it is desirable that elephants should be left to grow wild where there is wild forest for them?—Yes, and that they should be caught, and not shot.

2290. Is it that on account of their requiring so many years to grow and requiring so much to keep them, you would rather that they grew wild than tame?—They rarely breed in the tame state.

2291. Have you at all addressed yourself to the question of the village cultivation of wood, as compared with the forest cultivation?—To the general question I have given consideration with reference to the subject of rainfall and climate; but village forests were more under the Board of Revenue; the forest officers had only charge of the reserved and first and second-class forests.

2292. That is to say, where a small district of forest was held in connection with the village, that is not treated as coming under the forest department, but is left to the villagers?—Yes, that is left to the village.

2293. And the fees they pay for cutting down the wood go into ordinary revenue?—They go into ordinary revenue or local funds.

2294. They are not subject to any conservancy?—Not the village forests generally.

2295. Have you considered independently of the village forests, the question of the cultivation of timber for each village for the purpose of supplying each tract of country with timber?—That is a very large question. The forest officers have been fully occupied with the large areas which they have had to deal with, and the village tracts did not come properly within their duties.

2296. You have not been asked, then, by the Government to go into the question of the village cultivation of timber?—Only in the way of advice and supplying seeds and general recommendations.

2297. Do you know whether that has been pursued at all in Madras?—The Board of Revenue have held out inducements to villagers to plant topes and groves by giving land rent-free for a certain number of years, and in some cases advances for wells. They have been exceedingly anxious to extend the topes and village forests.

2298. Do you consider that great increase of wealth and other advantages would result from the village cultivation of timber as compared with keeping up tracts of forest?—They cultivate fruit trees more, and other wood sufficient for their own wants; they do not look forward to providing for the next generation.

2299. Do you consider that any great advantages would result from the villagers cultivating a certain quantity of timber?—I think it highly desirable both for their own use and for climatic considerations.

2300. What do you think would be the general effect of village cultivation, not in large areas but in small areas?—We see that to some extent in the North West, and in the Punjab, great inducements are being held out; but the extraordinary

dinary pressure for wood, on account of the new railways, has led to a diminution; the villagers have been induced to sell their trees.

2301. What are the effects that you see or would anticipate from the diffused cultivation by village communities of timber and wood?—The good effects would be to improve the climate, and supply the wants of the people.

2302. In what respect is the climate improved?—There is more moisture in the air from the presence of trees, less suffering from the hot winds, and less desiccation of the ground.

2303. Do you think that it would be more beneficial if the Government, instead of keeping up an enormous establishment to teach others, or to manage these great forests, were to apply this establishment to the village cultivation or general cultivation of wood and timber?—It is a little difficult to see how the forest officers could directly teach the villagers. The forests under the care of our officers are demarcated reserves. There is a constant and brisk demand for wood, which they are scarcely able to meet sometimes.

2304. But have any steps been taken by the Government to avail themselves of your knowledge and experience, to communicate that knowledge and experience to the agricultural population of the country?—Yes; I may say that we have been frequently communicated with in order to assist the villagers, but not by direct management; their land is not under our control.

2305. Has any information been given to them as to the proper mode of grouping trees together, and the proper mode of cultivating them?—Circulars in the vernacular have been circulated by the collectors and civil officers, recommending particular trees for particular soils, and the agri-horticultural societies of the different provinces have distributed seeds. Some of the wealthier zemindars have done a good deal, and they take a pride in having trees.

2306. Have you seen any of the wood cultivation or timber cultivation in Oude?—I have been at Lucknow, but was only there for two days.

2307. Do you know whether Oude is considered in advance of all the rest of India in its cultivation of wood?—Trees grow well there.

2308. Do you know that there has been a more systematic village cultivation of wood in Oude than in any part of India?—I have been told so.

2309. Do you know whether there is any report on that cultivation that is applicable to the rest of India?—I think that there is a report upon the groves and topes in Oude printed recently.

2310. You have not had the opportunity of visiting them?—I have only seen them in passing through.

2311. Did it strike you as being superior cultivation?—It is a climate favourable to the growth of trees, as compared with the Punjab.

2312. Is it that the trees tend to produce the climate, or is the climate there without the trees?—The climate is there with the trees.

2313. Do you anticipate, from the general system that you have been describing, that in future years the produce of the forests, as far as you know, will be greater than it has been?—I think that it will go on steadily increasing. I am confident it will.

2314. Can you form any estimate of the rate of the increase, or the character of the increase?—I think that the rate of the present increase will continue. I have no data for saying that it will be larger, although I expect it will.

2315. Do you think that the increase that we have been informed of is due to any special circumstances, such as the demand for wood for the construction of the railways, or any other special circumstances, or that it is the natural increase and re-productiveness of the forests?—I think it is from the productiveness of the forests, which had been entirely neglected, and their resources not brought to account, as well as from the increased demand for constructive material.

2316. But what I am asking you is whether the increase results from the improved growth, or whether it is that in the construction of the railways there has been a general searching out of the trees capable of being cut by going very deep into the forests all over the country where the railways have extended?—There has, no doubt, been an excessive pressure upon the forests, by reason of the formation of the railways. Forest produce has become valuable and enhanced in price, and the demand is certain to continue. Both causes have tended to increase the revenue.

2317. Would that be probably due to the fact that the price is enhanced from the diminution of timber?—I think not. I think it is from the cause that you mentioned, the great demand for wood, but also from the enhanced value of all minor forest produce.

2318. What do you mean by minor forest produce?—I mean gums, dyes, oils, lacs, bees'-wax, &c., which were formerly not brought to account at all. I anticipate considerably increased revenue from these sources.

2319. Do the Government now make a charge for collecting these products out of the forests?—Formerly any person brought away ivory or bees'-wax or anything that he chose from the forest; now in most Provinces they are put up to auction.

2320. You mean that the right to collect in a limited area is put up to auction?—Yes; always in a very small area, so as to prevent monopoly.

2321. So that each purchaser could work on the ground that he purchased?—Yes.

2322. Can you give us any idea of the increase of revenue arising from the selling of all these petty forestal rights?—It has been very considerable in certain parts. In the North West Provinces, I cannot trust myself with the figures, but I know it has been very large, something like 70,000 rupees last year. Also in Oude and Central Provinces.

2323. Do you anticipate that that kind of revenue will increase?—I do.

2324. From being under Government control?—From being brought under Government control, skilful management, and systematic direction.

2325. Sir *D. Wedderburn.*] I suppose at the time when the attention of the Government was first directed to the forests, denudation had gone on to such an extent that there was not only a great scarcity of timber and fuel, but the climate was being seriously affected?—Yes, the climate was being seriously affected in my opinion and in that of many others. The subject was taken up by the British Association several years ago, and there have been different reports on it.

2326. The rainfall had diminished very considerably, and the climate was becoming more arid?—There was reason to believe so.

2327. I understood you to say that, in 1855, the

Mr. *H. Cleghorn*, M.D.

25 April 1871.

the Wellington Barracks at Jackatalla were at a standstill from the want of timber for beams?—Yes.

2328. I do not quite understand that, because I have seen myself, in that same neighbourhood, many trees which must have been quite fit for timber at that date; can you explain that circumstance?—They wanted large teak timber for the Wellington Barracks, and had very great difficulty in obtaining it seasoned, and bringing it up from below.

2329. Then, how were the barracks ultimately completed?—They were completed by special arrangements; timber carts were prepared, and logs were brought from the other side of the Neilgherries.

2330. Then with regard to planting, I should like to know what kinds of trees have been chiefly planted?—The first teak plantation of magnitude was that commenced by the late Mr. Conolly, in Malabar in 1842, now a very large and flourishing plantation, which is paying its expenses and a great deal more. Subsequently we have planted sandal-wood in Mysore, mahogany in Bengal, red saunders and other trees in Madras. Every year a per-centage of income is devoted to planting.

2331. Do you plant any deodar?—In the intramontane valleys of the Himalaya, it has been planted.

2332. Does cinchona come under your department?—That is medicinal; its introduction has been a great success, but that is not in my department.

2333. Do you consider that there is at present under timber a sufficient extent of land for climatic purposes?—I think that we are in a more favourable condition than we were 10 years ago; the wooded crests of the ghâts are preserved, and the fringes of the water-courses are specially preserved by orders from the Governor General and Secretary of State. Rules have been adopted, that forests at certain heights are not to be denuded, with reference to the canal irrigation below.

2334. I suppose that even if the forest department were a losing concern, so far as revenue is concerned, it would still be necessary for climatic purposes to maintain it?—I consider that the Forest Department does great service altogether independent of revenue.

2335. Then with regard to the wild elephants, does the capture of wild elephants in any part of India constitute a function of the Forest Department?—It has once or twice been entrusted to forest officers, who from their position were specially able to perform this duty.

2336. Is there any probability of their soon becoming extinct if not protected?—I think that they are rapidly decreasing in number in the Madras Presidency.

2337. Do you consider that the mischief which they do, when in a wild state, will be more than made up by the services which they perform when captured and trained?—It is only the unruly male elephant that does the mischief, the females seldom do any.

2338. I mean mischief to the young timber?—The Rajah of Travancore and the Rajah of Cochin preserve their elephants with great care. On the other hand, our legislation has generally tended towards destroying them.

2339. The point that I want to inquire into is, whether that is not a mistaken policy?—I consider it so.

2340. Mr. *Dickenson.*] Does the Government insure any crops of timber?—No; but it takes very great precautions to prevent fire.

2341. Mr. *Bourke.*] When part of the forest is cut down, is that part planted immediately, or is only a portion of it planted?—In Malabar 100 acres of teak forest are planted every year, and 400 acres in Burmah, and that is done in a compact form; not in the part which was cut immediately before, but on a site previously selected.

2342. Of course with regard to deodar, when you cut them down, if you want more trees to grow again, you have got to plant them; is that so with regard to teak, or will it grow from stumps?—Teak grows from stump shoots.

2343. So that it is not necessary to plant them?—It is not essential, but they are seldom so straight and so good when they grow in that way.

2344. Sir *D. Wedderburn.*] But I suppose that all these trees will grow from seeds?—Yes; we propagate them by sowing every year.

2345. Mr. *Beach.*] What timber chiefly grows in the Madras Presidency?—There are a great variety of useful woods; those which are most esteemed next to teak, are black wood, or rosewood, satin wood, and ebony; and I could give a long list of native names.

2346. Teak is the most profitable?—By far the most valuable.

2347. Before the organisation of the departmental management could the system of licenses have been maintained to the same extent that it has been; that is, could the same profits have been realised continuously?—Not continuously, because the forests were nearly exhausted.

2348. And they were getting more exhausted every year?—Rapidly.

2349. Mr. *Fawcett.*] I understood you that no licenses were granted now in first-class forests, such as teak forests?—No.

2350. But I suppose that in the other forests there are licenses granted?—There are, but in a modified form. The trees are marked and the numbers are carefully checked.

2351. We look upon these forests as a Government estate; of course we know that timber may be very recklessly and improperly sold if persons are very hardly pressed for money, and therefore it is very important to show how the revenue is obtained; in the accounts of India are the items separated in this way that you can tell how much is produced by the Government selling timber, and how much is obtained by the Government granting licenses?—There are, I think, nine heads of revenue. The main one is that of selling timber. In the different provinces there are different sources of revenue such as the minor forest produce that I spoke of. In Burmah there is the duty on timber from beyond the boundaries. In some cases, Scinde for instance, there is the pasturage of cattle in the forests under certain restrictions, camels, sheep, and goats, which pay a small sum for so many months' pasturage.

2352. And so much, I suppose, is put down for licenses?—Yes.

2353. Now, from your having taken a scientific interest in forests, of course these items of expenditure would at once give you a clue as to whether the forests were being uneconomically and recklessly managed. If, for instance, one year you suddenly found that there was a very great amount put down more than usual for the selling of licenses, you would begin to think that

Government

Government was using up its forest resources too quickly, would you not?—Yes.

2354. Therefore you think that that, is eminently a thing, so far as revenue considerations are concerned, to look into?—I consider that the license system is, on the whole, objectionable, and should be reduced to a minimum.

2355. But you consider, looking into the relative amount of these items, the particular thing which the department of revenue ought carefully to scrutinise, in order to give an idea how the profits are made?—It is part of the working plan.

2356. So far as revenue is concerned?—Yes.

2357. You would be, perhaps, surprised to hear that there is no such record of these items kept at the India Office?—The items are furnished by each conservator to the Government of India, and they are included in the budget estimate drawn up there.

2358. You alluded to the fact that the Rajah of Travancore was managing his forests very carefully; but should you say that he managed them as well as our Government forests?—He has a European conservator, who is in continual correspondence with the British officers.

2359. Has that European conservator worked through the agency of European assistants, or of native assistants?—He is a German.

2360. Whom does he employ under him?—One or two Europeans, and the rest are natives, I think.

2361. Then he does not employ so large a proportion of Europeans as we do?—No, being a native ruler.

2362. Have you ever, as a mere matter of revenue, looked into the comparative expense of managing those forests that you say are as well managed under native agency as ours are, compared with the expense of managing our own forests?—No; I was fully occupied with my own duties.

2363. I suppose there is no possibility of obtaining an estimate of the revenue and expenditure in the case of the Travancore, so as to compare it with the revenue and expenditure in our own case?—I should doubt if it be published in detail.

2364. Do you think that the aggregate would be?—The Travancore Government publish every year a brief *résumé* of their finances.

2365. With regard to the Government forests, it appears that the expenditure amounts, I think it was stated, to 80 per cent. of the revenue; do you know whether in those Budget statements in Travancore the expense of managing the forests is 80 per cent. of the revenue?—I do not know.

2366. Do you think you could furnish the Committee with a copy of the Budget which is annually laid before Travancore; do you think that is a document which could be obtained?—I do not know if it is procurable.

2367. They will have a copy probably at the India Office?—Possibly.

2368. You of course, as a scientific man, think that certain duties connected with forest management, require a very high kind of training; a man should be a botanist, for instance?—Yes.

Friday, 28th April 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Eastwick.
Mr. Beach.	Sir James Elphinstone.
Mr. Bourke.	Mr. Fawcett.
Mr. Candlish.	Mr. Lyttelton.
Mr. Cave.	Mr. M'Clure.
Mr. Crawford.	Mr. J. B. Smith.
Mr. Beckett Denison.	Sir David Wedderburn.
Mr. Dickinson.	Sir Charles Wingfield.
Mr. Grant Duff.	

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. HUGH CLEGHORN, M.D., re-called; and further Examined.

Mr. *H. Cleghorn*, M.D.

28 April 1871.

2369. Sir *J. Elphinstone.*] THE questions I am going to put to you will be for the purpose of elucidating the various descriptions of useful woods which it may be practicable to grow with profit in the Government forests, and to know whether your attention has been directed to them; I will begin with sâl; will you kindly describe the nature of the sâl wood and where it is found?—The sâl wood is found in that large tract, the Terai of the Himalaya which is marked red on the map, and extends from Assam to the Kangra valley. This belt of sâl is broadest in the east, and becomes narrower as we proceed north-west; the northern limit is between the Sutlej and the Beas: the southern near Vizagapatam.

2370. What size does the sâl attain to?—The sâl attains a very large size in the forests of Oude and of the Terai. It grows very close; it propagates itself in a manner different from other trees; the seeds fall viviparous into the ground, so that there is comparatively little trouble in the management of the sâl forests. In fact, planting is not required as in other forests. The tree is not easily exterminated.

2371. To what use is it applied?—Sâl wood is used for engineering purposes, for ship building, and very extensively for house building in Upper India.

2372. It takes some time seasoning, does it not?—It takes a long time to season, and is very peculiar in its behaviour; it becomes seasoned after a course of years, but if afterwards floated down, it absorbs water and gains weight as no other wood, that I am aware of, does.

2373. Does that operate to deteriorate the quality of the wood?—I have no special facts to give on that point.

2374. Is it peculiarly liable to the attacks of the white ant?—It is liable to the attacks of certain insects.

2375. Then we come to teak; as far as you can compute, what quantity of teak may you have in the forests?—Teak is by far the most valuable of all Indian woods. The great supply of teak is in British Burmah, and beyond the frontier, and in the forests of Malabar and Canara. There is teak also in the Central Provinces, but comparatively of small growth.

2376. Is there teak in the Nerbudda forests?—There is teak in the Nerbudda forests.

2377. How early does teak come to maturity to be useful?—The first-class teak, for ship building, comes to maturity in from 70 to 80 years.

2378. And for house building?—For house building, there is a ready sale for the thinnings in 20 years.

2379. It grows very readily, does it not?—It is now found to grow very readily. We have one large plantation in Malabar, and I am happy to say that planting operations to a large extent are decided upon in British Burmah, above Rangoon, and elsewhere.

2380. The forests had been very much destroyed before they came under your superintendence, had they not?—Very much exhausted.

2381. They were subjected to a system which I think is called kumari cultivation, is it not?—Yes.

2382. What is called in Ceylon, "Cheena"?—Yes.

2383. Will you describe that system?—That system of cultivation was a cutting down and burning of the forests to obtain one year's crop of millet, or some inferior grain; of course it was very wasteful.

2384. That, I understand, has been put a stop to?—In all the superior forests it is strictly forbidden.

2385. And is there any system by which those lands, which are being subjected to the kumari cultivation, are being planted up?—When they are favourably situated as regards rivers and roads, the Forest Department attempts the restoration.

2386. Are those lands under the superintendence of the head man of the district, and rather under their care; are they answerable in in any degree for preventing their invasion by cattle, and robbery by the natives?—The Forest Department and the revenue authorities work together.

together. They are intimately blended; they must co-operate.

2387. If I recollect rightly, the East India Company had an officer stationed at Cochin for the purpose of collecting teak to build men-of-war at Bombay?—He was a timber agent.

2388. And latterly it became so difficult to obtain timber of the description that was required, that after the building of the last line of battle ship built at Bombay, the agent was withdrawn, and for some years, until your department was created, the forests were practically unattended to?—That is so.

2389. Now, with regard to sandal wood, is there still a considerable supply of sandal wood?—Sandal wood is confined in its growth to the plateau of Mysore and the adjoining country. There is a very large quantity, yielding an annual revenue of between one and two lacs, between 10,000 *l.* and perhaps 15,000 *l.* to the Mysore State. There is some also in British territory.

2390. Does not the growth of sandal wood extend as far as to Coorg?—Yes; and some part of the Salem collectorate.

2391. And as far north as North Canara?—Yes.

2392. I think you stated that there was a considerable revenue derived from sandal wood?—Yes.

2393. Are there any measures taken for the propagation of sandal wood?—Plantations have been formed within the last few years which are being extended annually.

2394. Is that a very slow-growing wood?—It reaches maturity in about 20 years; it is a small tree.

2395. But it is of value for the extracting of essential oil, is it not, in its earlier stages?—Yes, it is sold by weight.

2396. But in its younger or earlier state it is useful for the extraction of essential oil, is it not?—It is; the chips, fragments, and saw-dust are all used for the extraction of oil.

2397. Then there is no difficulty in propagating that to any extent?—It is being propagated successfully in Mysore and Coimbetore.

2398. Then with regard to black-wood, how does that stand?—Black-wood stands second in point of value after teak as a timber tree on the Malabar coast, and probably in Burmah also. It is of great value for ordnance purposes, for house building, and for carved furniture in Bombay; and it is imported into this country by several cabinet-makers.

2399. Can it be supplied in large size?—It can be obtained of large size, as large as teak.

2400. Has any effort been made for the propagation of black-wood?—It is now planted in the same situation and often alongside of the teak.

2401. Then what do you say as to ebony?—Ebony is a tree of great value; it is also sold by weight; the black-heart-wood only is sold, and it is exported to some little extent to this country as a fancy wood.

2402. Can the cultivation of ebony be extended?—It can be; but it has not yet been found necessary.

2403. It requires very many years before it can be properly cultivated?—Yes.

2404. Then there are large plantations of chinchona?—The chinchona cultivation has been a remarkable success on the Neilgherry Hills, at Darjeeling, in Ceylon, and elsewhere.

2405. It is of extremely rapid growth?—It is.

2406. And at three or four years old it is capable of producing the bark of commerce?—The bark of commerce is obtained at an early age.

2407. Then is it not a fact that the leaves are of great value as a febrifuge?—It is expected that the leaves may yield a febrifuge to the masses; the alkaloid will be extracted in large quantities from the bark.

2408. You are propagating the chinchona to a great extent?—The cultivation is being extended by forest officers, but the introduction was not originally by the Forest Department.

2409. The introduction was in consequence of Mr. Markham's researches on the slopes of the Andes, was it not?—Yes, he was the introducer.

2410. Have private individuals taken to the cultivation of chinchona?—There are numerous plantations being raised by private enterprise.

2411. And has it affected the value of quinine?—It is confidently expected that it will do so; there has not been time yet.

2412. Has the manufacture of quinine ever been undertaken in India?—Yes. There is a scientific chemist, a quinologist (Mr. Broughton), at present engaged in extracting the alkaloid.

2413. Where is he placed?—At Ootacamund, on the Neilgherries.

2414. What extent of chinchona may there be on the Neilgherries?—I believe at least 2,000 acres. Of this 1,200 acres belong to Government.

2415. Are the plantations upon the level, or are they on the slopes?—They are in various directions, chiefly to the west.

2416. On the Sisapara side?—Yes, chiefly on the slopes looking towards Wynad.

2417. To what altitude do they reach?—The different species grow at different elevations; the higher slopes are the most suitable.

2418. They produce the alkaloid most?—Yes.

2419. Then you anticipate very great advantages and profit from the extension of the chinchona cultivation?—Great benefit to the masses from the facility of obtaining this febrifuge.

2420. You have no doubt that it is now sufficiently started to make its own way as an article of cultivation?—No doubt whatever.

2421. With regard to bamboo, there are various varieties of bamboo, are there not?—There are a considerable number of species.

2422. There is the Rangoon bamboo of very great size, large enough for buckets and various other uses of that sort?—Yes.

2423. And what is called the she-bamboo, which is the most common I suppose, and there is what is erroneously called the he-bamboo, which is a different species?—Yes, and is especially used for handles of hog spears and lance shafts.

2424. Will you describe the different species of bamboo that can be brought to commercial value?—There are at least seven or eight species which are used for various purposes of domestic economy, for scaling ladders and many other purposes.

2425. In fact it is next to the cocoa nut, I suppose, the most valuable wood in India for universal purposes?—For the natives of the country there are an infinite variety of uses to which it may be applied.

2426. The he-bamboo is a peculiarly useful wood, is it not?—It is much valued.

Mr. *H. Cleghorn*, M D.

28 April 1871.

2427. It combines toughness and durability, with extreme lightness?—Yes.

2428. Then there are rattans?—They grow in great abundance in the forests of Malabar.

2429. That is a species of bamboo, is it not?—It is a species of palm, the stem of which runs along the ground.

2430. And for what lengths?—Great lengths; 80 to 100 feet or more.

2431. That is a product of very great value?—It is a product of considerable value.

2432. There is a very large trade in rattans from the Straits of Singapore to China; it forms a very valuable article of export?—It does.

2433. Then there is the larger rattan, which is commonly used for walking sticks, that is also found in the forests there?—Yes; the *Calamus rotang*.

2434. It is a larger description of rattan, and is considerably exported, is it not?—Yes.

2435. Do the Government derive any revenue from rattans?—It is at present small.

2436. Is it not the case that the Malay chiefs derive a considerable revenue from granting the privilege of cutting rattans in their forests?—I believe it is so; that is in the Straits' Settlement, and not under the jurisdiction of the Forest Department.

2437. I suppose it would be worth the Government's while to give licenses in the same way?—I believe rattans will eventually become a larger article of trade.

2438. Then cassia lignea exists to a considerable extent in the Malabar forests, does it not?—Yes. That is an inferior variety of bark resembling cinnamon in smell and appearance.

2439. Is there any revenue derived from that?—There is a small revenue derived from it; it comes under the head of minor forest produce.

2440. But it figures pretty extensively in the items of the province of Malabar, does it not?—It does.

2441. And if the attention of the Government was turned to that, some revenue might be derived from it?—I believe so.

2442. Does wild cinnamon exist in those forests?—It does.

2443. Is it cut to any advantage?—There is not much sold at present, but for all such articles there is a coming demand.

2444. Then cardamoms exist pretty extensively in the Malabar forests?—They exist spontaneously in the jungles where coffee planters have settled; in Coorg and Wynaad there is a considerable cultivation of cardamoms, and revenue is derived from them.

2445. Is there an export duty on cardamoms?—There is an export duty of 200 rupees per cwt.; and 40 rupees per cwt. of bastard cardamoms.

2446. Are they gathered by license, or in what way does the revenue accrue to the Government?—The Rajah of Travancore derives revenue from cardamoms; we have hitherto allowed the natives to collect them pretty much without supervision. In Coorg the jungles are farmed out.

2447. But the cardamoms form no inconsiderable item in the revenues of Travancore?—That is so.

2448. That is another minor source of revenue to which we may look?—Certainly.

2449. Then pepper?—Pepper is a natural product of the Malabar forests; it is a valuable article of commerce; the collection of pepper has been under the civil authorities; most of the pepper jungles in Malabar are private property.

2450. But that is also a source of revenue?—It is.

2451. Then with regard to bark for tanning, are there any woods that produce good bark for tanning?—There are several; the tanners are supplied by various species of *Cassia*, and there is no doubt that tanning materials are found in abundance.

2452. The Government used to tan their own accoutrements, did they not?—Yes.

2453. The system was stopped from motives of economy, was it not?—Yes.

2454. But the leather was perfectly good?—I believe the leather is good in some parts of India. The great heat is not favourable to tanning in the south, but at Meerut in the North West Provinces tanning is very successful.

2455. What are the woods that produce the most tanning?—Various species of cassia and acacia, (*cassia auriculata, acucia catechu*), and other species.

2456. Are those trees capable of reproduction?—Certainly.

2457. And does the bark contain a sufficient quantity of tanning materials to make it an article of commercial value for the use of tanners in this country?—The native leather merchants remove under permits from forest officers in certain places the bark of trees marked out for the purpose; chiefly the *cassia auriculata* and the *acacia catechu*.

2458. Does gutta percha exist in any of the forests of India?—Gutta percha was discovered in the forests near Singapore, by Doctor Montgomery, and the forests there have been, I understand, very much reduced. Caoutchouc and gums of similar properties are found largely in Assam.

2459. Have you taken any measures for the purpose of the cultivation of the gutta percha or the caoutchouc?—Very recently rules have been laid down for the periodical tapping of caoutchouc trees in Assam, that care should be taken not to overtax the production of the forests.

2460. Then there is a product in India very much used as a substitute for pitch, called dammer; what does that come from?—Dammer is yielded from various species of the wood-oil family.

2461. Is dammer the basis of any other varnishes or pigments that are used in this country?—Yes; it is used by the varnish makers.

2462. Are there any valuable gums in the forests of India?—There is gum gamboge, gum-kino, and many other species. Those are the two best known for medicinal purposes, and for dyeing. Kino is used in calico printing, and gamboge is a pigment and a medicine.

2463. Are there any trees in India, the products of which produce vegetable colours?—There are several dye stuffs in addition to those which have been mentioned.

2464. Resembling logwood?—Yes, there is the chay-root, and there are other species.

2465. All of which might be turned to account under the Forest Department?—Yes.

2466. With regard to honey, there is a very large production of honey in the forests, is there not?—A very large production of honey and bees-wax.

2467. That is generally sought for, I think, by the aboriginal tribes?—Yes, the Hill tribes.

2468. I suppose that they have a sort of titular rights over the forests for the pursuit of them?—They have never been interfered with in their prescriptive right to collect honey.

2469. And perhaps it would not be politic to interfere with those aboriginal tribes?—The native chiefs levy a tribute on wild honey and bees-wax, but we do not.

2470. What is your opinion as to the advisability of obtaining some revenue from that source?—It might require consideration by the local officers, if there was a small number of natives and a large quantity of wax; but if there was only a small quantity, I should consider it would not be worth while to interfere.

2471. The pimento has been introduced into India, has it not?—Yes.

2472. How does it answer?—It has only been introduced very sparingly on the western coast, into Travancore and Cochin.

2473. The result has been favourable, has it not?—It is only grown in gardens, and not sufficiently for commerce.

2474. Is the bread-fruit tree cultivated?—It is cultivated and grows well on the western coast.

2475. That is more a garden tree also, is it not?—Yes.

2476. Then there is the betel-nut tree?—The betel-nut tree comes entirely under the collectors as a cultivated plant; the cocoa-nut and betel-palm belong to the land revenue.

2477. But are there not many situations in the low ranges of hills where the betel nut would grow profitably?—Certainly, but that would not come under the Forest Department, but under the land revenue.

2478. But if it was planted in the grounds that were under the jurisdiction of the Forest Department, it would then come under that department, I suppose?—It would pay land-tax and come under the collectors.

2479. Still it can be cultivated to considerable advantage?—Certainly.

2480. It is a most valuable tree?—Yes.

2481. The cocoa-nut tree exists entirely on private lands?—Yes.

2482. The lands on which it can grow are entirely private property?—Yes.

2483. Is that the case with regard to the palmyra tree?—The palmyra tree also does not come under the Forest Department.

2484. It is an extremely useful wood and resists the action of the sea for many years, does it not?—It is much used for rafters of houses and other purposes.

2485. And also for fishing stakes and harbour staging, and other purposes of that sort?—Yes.

2486. Then there is a very useful tree, which I understand is coming into very great use, the casuarina?—Yes; the beef-wood is the popular name for it; it is a tree which has been planted on the sandy shores north and south of Madras, and at various places on the opposite coast.

2487. It is a tree of very rapid growth?—Of rapid growth, and the timber of great hardness. Private companies have undertaken the planting in the immediate neighbourhood of Madras, where it grows freely.

2488. There are large plantations near Pulicat for the purpose of supplying fire wood and house-building material?—Yes.

2489. At what age does the casuarina become fit for household purposes?—The plantations are yet comparatively young, but the thinnings are being sold at the age of 10 or 12 years.

2490. Profitably?—I believe so.

2491. It is quite large enough for building purposes?—Yes, 25 feet and 30 feet.

2492. Is that subject to the ravages of white ants?—I have never seen it affected by white ants. It has the peculiar property of durability under water.

2493. It is a particularly close-grained wood, is it not?—Very hard; it turns the edge of the axe.

2494. It has a peculiarity which few fast growing trees have, of being extremely tough and hard, and durable?—Yes.

2495. I should like to ask you now what other woods you consider beyond those which I have asked you questions on it would be useful for the Forest Department to conserve and propagate?—There are seven or eight of the better kinds of wood reserved in each province; and in Madras we reserve the satin wood (that is one that has not been mentioned) for picture frames and other purposes, there is a considerable demand for it.

2496. What size does the satin wood in India grow?—Fifteen inches diameter is the largest I have seen; it is very useful for picture frames, and resembles American maple.

2497. What lengths does it attain?—I have obtained sufficient scantling for ordnance purposes (for trial for gun carriages) on several occasions.

2498. Is it made use of in the Gun Carriage Department?—It has been tried, but there is not much demand for that; for picture frames and fancy purposes it is much used.

2499. With regard to charcoal, do you manufacture charcoal, or permit it to be manufactured?—The forest officers themselves do not manufacture charcoal; they permit the manufacture under certain rules, in certain places, and at certain times.

2500. Is there not a wood in India which is particularly valuable for the manufacture of gunpowder charcoal?—There are certain kinds of dog-wood and allied species found to be useful for that purpose.

2501. Where does that wood grow?—I cannot specify particular localities at this moment. We have tried various species for the manufacture of charcoal for gunpowder; experiments have been made from time to time. I believe the best occurs in the Himalaya.

2502. The Indian dog-wood is considered to produce the best charcoal in the world for gunpowder purposes, is it not?—It is considered remarkably suitable.

2503. And could that be increased in cultivation?—Our attention has not been particularly turned to that, as yet.

2504. Is it a plant or a tree?—A small tree; there is also a small bush much used for the purpose; the dog-wood is a tree.

2505. What size is the tree?—Fifteen feet. Very little has been done yet by the Forest Department in that direction.

2506. It is a direction in which you could profitably extend your cultivation?—Yes.

2507. You were kindly proceeding to enumerate the different woods which I had omitted, which you considered it would be useful to conserve and propagate, and you began with the

Mr. *H. Cleghorn*, M.D.

28 April 1871.

satin wood; have you any other to mention?—I might mention many others; there is the red cedar, *Cedrela Toona*, and other species of the mahogany family which may be turned to account, and which are reserved.

2508. Is the jack-wood cultivated?—Yes, the jack-wood, like the palmyra and cocoa-nut comes under garden cultivation.

2509. Have you any variety of the mahogany in India?—The seeds of the mahogany tree have been received in considerable quantity through the Colonial Office; they were sent out to India from the West India Islands within the last few years, and plantations have been commenced in Bengal and other parts; the true mahogany is not indigenous in India.

2510. There is a wood in Ceylon called walburuta, which is a species of satin wood; are you acquainted with that?—I am not acquainted with it; Ceylon is entirely a separate administration.

2511. I wish to know whether in the forests of Malabar some of the most useful of the woods in Ceylon are found?—Many of them are.

2512. Is the kino found?—Yes. *Pterocarpus marsupium.*

2513. Then there is the iron wood?—We have iron wood; it is a popular term given to various very hard trees; there is usually an iron wood in each province.

2514. The iron wood I mean is a very large tree, which grows sometimes to three or four feet in diameter, and is practically imperishable?—I cannot answer as to that.

2515. Then there is the dhoom?—I am acquainted with it; it belongs to the wood-oil tribe.

2516. It grows on ridges?—It is very sparingly found in Malabar; it is nearly peculiar to Ceylon.

2517. Generally speaking, you entertain a very strong opinion that from most of those woods some sources of revenue may be obtained, which will progressively in the aggregate yield a large forest revenue?—Most certainly I do; individually they will be small in amount, but collectively they will amount to a large sum.

2518. How long is it since you have had charge of the Forest Department?—Since its institution, in 1856, at Madras.

2519. At that time it was not self-supporting?—There was little or no revenue to begin with.

2520. And the result of your proceedings up to this time has been to establish a net revenue of how much?—This year's Budget shows 573,000 *l.* of gross receipts, and about 121,000 *l.* of net revenue.

2521. Your operations extend over an enormous extent of country?—It is difficult to convey to the Committee a clear impression of the vast extent of country which is embraced in the ranges of all the forest officers.

2522. I suppose it is difficult even to form an approximate opinion as to the extent?—The reserves have as yet only been demarcated in two or three of the provinces. The work is going on and will take some years to be completed.

2523. But we have it in evidence that there is something like 37,000 square miles of forest of a first-class description, which is considerably more than the whole superficial area of the island of Ireland or of Ceylon?—Yes, certainly.

2524. The consequence of that must naturally be that until these forests are brought into a complete system, the expenses must absorb a very large amount of the gross results?—Certainly. The expenses incurred at first to place those forests, which had been previously neglected, or left in a state of nature, or reduced by mismanagement, in a high state of production, are necessarily large, and will not recur again or to a less extent.

2525. But viewing it in a broader sense, I suppose it is your opinion that there are very considerable benefits accruing to the country from the conservation of these forests?—I venture to believe that entirely independent of revenue there is a very great benefit to the prosperity of the country, and the successful cultivation of land from the preserving of the forests.

2526. Looking at the question from that point of view, you consider that the net revenue is but a very small portion of the advantage derived by India from the conservation of the forests?—Quite so; that has been the tenor of all the instructions that we have received. We were not to look mainly to revenue, but to keep up a permanent and regular supply for the wants of the people, having in view also the maintenance of the forests for climatic and other considerations.

2527. The maintenance of those forests has a very great influence on the regularity of the water springs, has it not?—I think there can be no doubt of that.

2528. And that system of Kumari cultivation, by laying bare the upper parts of the slopes and the crests of the mountains tended in a very great measure to reduce the supply of water in the districts where that practice was enforced?—It threatened to produce serious results, and the natives themselves were apprehensive on the subject.

2529. And the natives view with great satisfaction the conservation of those forests from which they derive the springs with which they irrigate their land?—I believe that I may certainly say so.

2530. Mr. *J. B. Smith.*] Are most of these forests accessible to roads and rivers?—When the reserves which have been formed are not on trunk roads, or near large rivers, the forest officers spend much time and money in making them accessible.

2531. You mean, that in the case of rivers which are not navigable they have made them so?—A liberal allowance has been made for improving the communications, blasting the rocks, and otherwise developing the resources.

2532. So that the timber could be floated down the rivers?—Yes.

2533. The value of the timber very much depends upon the cost of bringing it to market, does it not?—It very largely depends upon that.

2534. I think you stated, in answer to Sir David Wedderburn, that there was great difficulty in procuring timber large enough for the Wellington Barracks at Jackatallah?—Yes.

2535. And that it had to be conveyed from the Neilgherries?—From the western side of the Neilgherries.

2536. Would that be an expensive process?—It had to be carried up the Ghâts; it was necessarily a very expensive process.

2537. Were there no forests nearer than that?—There were no forests of teak timber, which grows in the lower valleys.

2538. Therefore,

2538. Therefore, the supply of timber to those barracks must have been very expensive?—It was expensive.

2539. Are there supplies of wood, in most districts, sufficient for fuel for the people?—In some districts there is a great abundance of fuel. In other districts the fuel difficulty is great, more especially in the Punjab, and all in the drier parts of India.

2540. In consequence of that deficiency, is it not a common thing for the people to burn their manure?—Certainly, it is a very prevalent custom.

2541. And where that is practised, the land is robbed of what ought to be returned to it?—Yes.

2542. And necessarily the production in those parts of the country must be very much diminished?—I consider certainly that it is so.

2543. And therefore the cultivation of timber is a most important object in that respect?—I most certainly take that view very strongly.

2544. In fact the supply of timber for fuel would increase the productiveness of the land, the cultivation of the land for grain or seeds or any other produce?—I consider that it has many indirect advantages, such as supplying leaves for manure and many other purposes.

2545. Are means taken in those districts where the supply of wood is insufficient to supply that deficiency?—The revenue officer, the engineer officer, and the forest officer are in the habit of consulting as to the needs of the population, and doing what is necessary to meet the demand.

2546. If there is teak timber which is too valuable to be cut up, the loppings might be sold?—The loppings are sold, and the fragments, slabs, and side pieces are sold by auction and are readily bought.

2547. Are those sold for fuel?—No, for house building and for furniture.

2548. And the smaller loppings would suit for fuel?—Yes.

2549. Do you happen to know anything about the woods of the Central Provinces?—I know them by correspondence with the forest officers. I have not myself been in the Central Provinces.

2550. But the forests in the Central Provinces are the largest in India, are they not?—They are very extensive. The value of the timber is not so great as in Malabar, or Burmah, the returns are not so large.

2551. Do you mean that the timber is not so large?—The trees are not so lofty in their growth as in Malabar and in Burmah.

2552. But it is said that there are most valuable forests of teak timber in the Central Provinces?—That is quite true.

2553. And the value of that timber would very much depend upon the facility of getting it to market?—Most certainly.

2554. If there happened to be a river running through that province you would say that that would be a most valuable acquisition to it?—A navigable river would be a most valuable acquisition to it.

2555. You are aware that there is a considerable river which runs through those provinces, the Godavery, and also the Wurdah?—Yes.

2556. And it is on the banks of that that these forests are situated?—Yes, the Aheree forests.

2557. And is it not very desirable to render that river navigable for the purpose of floating down timber?—Yes.

2558. And that would also reduce the price of timber very much?—I believe it would.

2559. I think you have stated that it is discovered that the growth of timber in all countries has a great effect upon the climate?—I think that is admitted by all physical geographers.

2560. It is found, I believe, in Spain, where the forests have been cut down, that the land has been almost dried up?—The ground has become baked, and the fertility has suffered. There was no provision for restoring the wood.

2561. Are means taken in different parts to correct this state of things?—That is one of the great objects of the Forest Department to keep up the permanent supply, to keep up the equilibrium of arboreal vegetation all over the country.

2562. Mr. *Lyttelton.*] I think I am right in saying that there are three principal sorts of trees in the old forests, teak, sâl, and deodar?—Yes.

2563. And is it your opinion that we must always look to these three sorts of trees as the main source of our forest revenue, or at least for many years to come?—Those will yield the main source, undoubtedly; the teak is of peculiar value for shipbuilding and other purposes, from the power of the oil to conserve iron; there will always be a brisk trade in teak as long as ships are built of wood.

2564. Teak, you have told us, comes to maturity as timber in 70 or 80 years?—Yes; not less.

2565. When do the other two species come to maturity?—The deodar I should say in about the same time; the fine old deodar forests are seldom used before 70 or 80 years; the sâl at an earlier age, perhaps 60 years.

2566. And until that period, in the present exhausted state of the forests, we cannot look to any great revenue from the sale of timber from these forests?—We are working upon a fixed plan, and we calculate that the present resources, without yielding to any unusual pressure, will keep the supply up to the present demand.

2567. When you speak of an exhausted forest, you mean denuded of all the older trees and many of the younger?—The older trees have been cut down; we have been obliged to bring timber from great distances in the Terai and the intrâ-montane valleys of the Himalaya.

2568. Still, in the remoter districts, there must be a great quantity of timber suitable for cutting still standing, is there not?—Yes; this year leases have been made with the Maharajah of Cashmere to obtain a portion of the supply from the Cashmere territory.

2569. Are you of opinion that the annual loppings are sufficient to defray the current expenditure of the conservancy?—The annual thinnings in certain districts of the teak plantatations have been found sufficient to cover their expenses, teak being especially valuable.

2570. As regards the sâl forests how is it?—In the sâl forests, too, the thinning yields a very considerable return.

2571. There appears to be an unsatisfactory process going on in this respect, that the expenses of management are gaining upon the gross revenue: are you of opinion that we are approaching a period when that process will be arrested?—I stated that at first the expenses on introducing a sound system involved the opening of roads, the blasting of rocks, the purchase

Mr. *H. Cleghorn*, M.D.

28 April 1871.

of elephants and other expenses, which will not recur to the same extent.

2572. But can it be said that even with regard to that preliminary expenditure it is anything like completed?—I have no reason to expect that the expenditure will exceed the present amount.

2573. Is it the case that taking the whole extent of the forests in India the greater part of them are already under some sort of supervision?—I think that the greater part are now under organised supervision; we have been rapidly extending our organisation to all the better class of forests; we have also leased forests in the adjoining territories.

2574. So that in fact you are of opinion that we have reached the turning point?—I believe so.

2575. As to clearances, I suppose they are now limited by Government?—The clearances which were alluded to in the questions put to me as to the Kumari cultivation are strictly prohibited in all the more valuable forests.

2576. Is it an ordinary case that forests are growing on soil which is suitable for cultivation, and which would repay the cost of clearance, or are they generally growing on poor soils?—The finer forests are on good soil; the teak and blackwood especially are on good soil; some of the forests in the Central Provinces are not on the best soil.

2577. But the Government discountenances clearances everywhere?—It discountenances clearances unless it be for permanent cultivation.

2578. In the immediate neighbourhood of villages, for instance?—We do not limit clearances near a village, if there is to be permanent cultivation yielding land revenue.

2579. Mr. *B. Denison.*] Have you any personal knowledge of the upper part of India, the Himalaya?—Yes; I have travelled from the Khyber Pass to Cape Comorin.

2580. I mean as to the forests?—I have spent two years in exploring the intramontane valleys of the Himalaya.

2581. Can you tell the Committee what has been done towards replanting the Punjaub and the slopes of the Himalaya at all from Lord Dalhousie's time when attention was first given to it?—The replanting has been as yet to a limited extent in a few places in the Himalaya; but the forests are being demarcated and small jungles (rukhs) reserved, and the cattle have been excluded and steps have been taken to prevent conflagrations and other mischief.

2582. Speaking generally, do you know whether any great change has been brought about in the Punjaub from the replanting of trees since the acquisition of the country?—I believe that the planting of avenues, and especially along the canals, has been very successful.

2583. But I am afraid it is rather a worthless tree, the thorny babul?—It is being much planted, and promises to be useful.

2584. The best of the Deodar timber comes from territory which is not British?—Yes.

2585. And pays a duty to the native chiefs out of whose territory it is exported?—There are leases now with the Rajah of Chamba, with the Rajah of Teree, with the Maharajah of Cashmere, by which annual payments are made, and the rights of felling and conserving are acquired. Leases to the British Government I mean.

2586. They are under Government superintendence?—Yes, under range officers.

2587. In Kamaon the Government have forests of their own, have they not?—Yes.

2588. Have saw-mills worked by water-power been extensively introduced?—Yes, they have been on the Baree Doab Canal and in other parts of India. It is very desirable to increase the amount of saw machinery.

2589. Have you been brought officially in contact with the railway companies at all regarding the supply of fuel and timber for sleepers?—It has been a very important and difficult duty to meet the urgent demand for very large amounts of sleepers and of fuel.

2590. What woods chiefly have been supplied for the purpose of the sleepers?—For the sleepers in the Punjab and the north west the deodar is the chief wood; the softer pines are now being submitted to processes of impregnation which, it is hoped, will make them supply the place of deodar.

2591. Deodar is, in fact, far too valuable and expensive a wood for the purpose of sleepers, is it not?—Far too valuable.

2592. It is too valuable with reference to the other uses to which it is applied in India, for building purposes?—It is the best wood for building purposes in the Hill States, and the supply is not sufficient for the continual drain for railway wants.

2593. Has the iron-wood of the Eastern Provinces, Arracan for instance, been tried for sleepers?—It has been imported to Calcutta from Arracan and the Andaman Islands of late years.

2594. But in practice do they find that the iron wood will retain the fastenings of the chairs, or that the action of the climate makes it worthless for that purpose?—It is only within the last two or three years that I have heard of its being used, and therefore I cannot answer that question.

2595. In the southern parts of India, with which you are more particularly acquainted, what wood is used for railway sleepers particularly?—If the teak wood was in sufficient abundance nothing else would be used; but six or eight other varieties have been used, to which allusion has been made already, that is to say, six or eight of the better species have been used in addition to teak wood in the Madras Presidency.

2596. And all are now habitually submitted to a process of impregnation?—The creosoting process, and the impregnating with mineral solution is used in some places.

2597. Is that found a sufficient protection against the white ants?—I believe the railway authorities would not continue to use it if they had not found it so.

2598. Do you happen to know what is reckoned now as the ordinary life of a sleeper in an Indian railway?—It depends upon the species of timber; the deodar lasts about 12 years, I think.

2599. Sâl and teak?—Teak we hope will stand very much longer.

2600. And iron wood still longer?—Of iron wood I am not able to speak.

2601. Regarding that casuarina, would it be a suitable timber for railway purposes?—It has been tried; I am not sure that it has been found to answer.

2602. As

2602. As regards its density?—It is very hard, and is durable under water; but how it behaves under ground I have no knowledge.

2603. Is it used for fuel as well as for building purposes?—The branches and smaller portions are used for fuel, and the straight stems for building purposes.

2604. Then is the problem as regards the supply of fuel to the Indian railways at present at all approaching solution or not; or, to put it in another way, is the drain upon the country for fuel for firewood as great now as it was some eight or 10 years ago, or is coal becoming more extensively used?—Coal, I believe, will be used as soon as the railways permit of its being brought to the points where it is required, unless the cost, owing to distance, is too great; at present the price of coal in remote places, I believe, is three times the amount of wood.

2605. *Chairman.*] Will you explain that; do you mean, having regard to the fact of the relative weights of wood and coal?—I understood, when in India, from the engineers that the cost of the coal, which in Madras is entirely sea-borne, was fully three times the cost of the fuel obtained on the spot, and consequently wood is almost entirely used on the Madras railways. There is a train which leaves Coimbatore and another from Cuddapah, every morning laden with wood for railway fuel.

2606. Do you know that wood has been systematically cultivated along the Madras Railway for the purpose of fuel?—I am aware that large tracts adjacent to the railway have been planted and inclosed for the future supply of fuel.

2607. Have not those come into use yet?—They are growing; they have existed for some years, but are not yet at the stage for supplying fuel.

2608. How long have they been in existence?—Within the last three or four years.

2609. Mr. *B. Denison.*] In what condition are the railway companies towards the Government with regard to the supply of fuel; have they contractors to supply them, or have they direct engagements with the Government?—The railway companies deal with contractors, and these contractors deal with the forest officers, and have permission to work certain tracts demarcated to them periodically.

2610. But the railway companies are thrown upon their own resources?—The railway companies are thrown upon their own resources.

2611. The Government do not directly supply them in any measure with firewood?—They do not undertake to do so.

2612. As regards the spice-bearing trees, up to what degree of latitude do you find that they gradually die away; that is to say, what is the most northern point of latitude beyond which you do not find spice-bearing trees?—Spice-bearing trees are essentially tropical, and could not be grown in extra tropical places. Malabar is the only district where I have myself found them luxuriant.

2613. Have you given the Committee any information regarding the revenue derived in Central India from the licenses to gather the shellac and the cochineal?—I could not give in detail the proceeds from shellac. It is a considerable amount in different parts of India. In Bengal and most of the provinces it is one of the items of minor forest produce.

2614. The ordinary way is to give over a certain tract of country to a contractor, with a license to gather it, is it not?—For a certain period of time, I believe.

2615. About the bael tree; have you any knowledge of that tree?—Yes; it is one of the orange tribe; a very valuable astringent.

2616. Is it cultivated in Southern India?—It is cultivated, but chiefly in gardens.

2617. And from its being so valuable for medicinal purposes, the timber is not thought of?—That is so.

2618. Mr. *Cave.*] I think it has been stated that the chief object of the administration of the forests is to prevent fire, and to prevent waste in cutting wood?—To prevent waste and to maintain a regular and abundant supply of material for the mass of the people.

2619. Otherwise you cut as many trees as are wanted, I suppose?—Consistently with a well-devised working plan.

2620. Do you ever refuse to send trees to a market that is open for them?—If it would overtax the rate of production of the forest.

2621. Then, as a matter of fact, do you refuse to send trees to a market?—If it would not consist with the working plan; if it would tend to the exhaustion of the forest we should do so.

2622. Are there instances in which you have found it necessary to do that?—There are instances in which we have said, "This forest has been shut up for a time, and must remain so, unless under an order of the Government."

2623. And, in that case, how do you supply the demand for timber?—The duty of the forest officer is to maintain the permanent supply, irrespective of pressure, if it would endanger the forest to take trees from it.

2624. I see the theory, but I rather want to know what the practice is; have you ever found it necessary to say, "We cannot supply wood at all to this market"?—We say sometimes, "You must go elsewhere;" we refer them to another district.

2625. And you have found it necessary to do so?—Not unfrequently.

2626. You make it more easy for them to do so, by making roads, do you not?—Yes, by making roads and establishing depôts where it is convenient.

2627. So that, in general, you can supply the demand from one place or another, can you?—In general. We have established depôts at the mouths of the rivers, near railway stations, and other places, to meet the public demand.

2628. Then you have found it possible, from the forest, to supply the demand that has been created?—Yes.

2629. That is one of your duties; you also plant for future generations?—We also plant for future generations.

2630. For how many years do you consider that that last operation will be unremunerative?—The only plantation which has yet been established long enough to give data is the teak plantation of Malabar. The fuel plantations are comparatively young. The Malabar teak plantation, after 12 years, began annually to recoup and to repay itself by an excess of revenue.

2631. In how many years did it actually pay for itself?—It is now regularly yielding an increasing excess of revenue over expenditure.

2632. And how many years is it since it was planted?—It was commenced in 1844, and the receipts have now considerably exceeded the

Mr. *H. Cleghorn*, M.D.

28 April 1871.

expenses. The complete figures are easily given.

2633. Has it not been considered by some, that natural reproduction is a better way of increasing the forests?—Certainly, natural reproduction is most important, but it is necessary that planting should go along with it, because the planting ought to be in convenient spots, on the banks of navigable rivers, and on the sides of the railways, whereas natural reproduction can only take place in the places which nature has indicated.

2634. Do you generally plant what has already grown in the forest?—That will depend on circumstances.

2635. What I rather wanted to know was, how far you want a scientific botanist, rather than an ordinary forest keeper, to superintend those forests?—The resources of those large forests, of which we are speaking, are so varied, and so many of the products are as yet so little known, that obviously the more botany the forest officer has the better. He must possess many other qualifications.

2636. But in an ordinary case, putting aside the experiments upon foreign productions which we have heard of, would not a native who knew the forest and the use of different sorts of wood, be a man who would have sufficient knowledge to know what ought to be planted or what ought to be preserved?—We have now a certain number of native employés, and as soon as the forests are in a state of high production, and we have skilled officers capable of teaching, we can have a larger proportion of natives. At present, in Madras, we have 12 natives out of 48 in the department.

2637. Ordinarily you would say that for the preservation and maintenance of a forest great scientific skill would be thrown away, would you not?—Scientific skill is more needful in the higher officers, who have to correspond with various departments, and to ascertain the value of many new products which may be brought prominently before them.

2638. That is the work, is it not, rather of the superintendent of a botanic garden than the superintendent of large forests?—It is true that the heads of the department require much the same knowledge as the superintendents of botanical gardens.

2639. And that you consider at present is necessary in India, in consequence of the experiments that are being tried?—It is certainly necessary that they should possess a high amount of arboricultural skill and botanical knowledge.

2640. Mr. *Grant Duff*.] We have been examining you at greater length than either the receipts from, or the expenditure on, our forests at present would seem to justify, but I suppose I am right in thinking that these forests, of which we have undertaken the management, are a very large concern indeed, are they not?—Very large indeed.

2641. Should I be overstating their extent if I were to say that the forests of India which are now, or are coming, under the management of the Forest Department, are as extensive as the whole of the British isles?—They certainly cover an area greater than the British isles.

2642. And I think I have understood that we have at present about 88 European employés?—As near as I know at this moment, there are 86 to 88 European employés.

2643. And I suppose each of these European employés has under his management a district about as large as the county of Perth?—In many cases larger.

2644. But that is the smallest?—I think I may say that that is the smallest.

2645. It results from your evidence that the main object of our Forest Department is not the acquisition of revenue?—The main object is not the acquisition of revenue.

2646. Then I suppose you would say that if climatic considerations alone were in view, the amount of trouble and of expense which has been laid out upon the Forest Department up to this time would have been well spent?—That is my opinion.

2647. But, of course, the Indian Government is anxious, I presume, to make as good a thing as it can incidentally out of its Forest Department?—It is certainly the duty of the Forest Department to realise the largest possible amount of revenue, consistent with preserving the forests and working out a well-devised system of conservancy.

2648 And you believe that our revenue from it will gradually and greatly increase?—I am confident that it will do so.

2649. You have given some reasons for that opinion in answers to various honourable Members, the honourable Member for Portsmouth, and others; but I think from conversations with you that you could state some other reasons. You suppose, for instance, do you not, that the revenue from a great number of small articles which has at present been very imperfectly attended to, will eventually be very large?—I do. I believe that the gross receipts will continue to improve for four reasons. First, for the last eight years, with one exception (an official year of only 11 months), there has been a steady and progressive increase of the gross receipts. Secondly, the preliminary outlay which was needful in taking charge of the neglected and mismanaged forests was necessarily great at first, and will not occur again. Thirdly, I believe that increased experience will lead to greater economy of management and saving of material in various ways; and, fourthly, that many of those articles of minor forest produce which have been alluded to in the course of the examination will collectively amount to a large sum.

2650. Have you gone through all the more important ones?—We have mentioned in the course of the examination most of the medical and economic resources in gradual course of development.

2651. Are there any more products the sale of which would add to the revenue?—I think the principal minor forest products have been alluded to, gums, oils, resins, dyes, gall-nuts, and the like.

2652. Turning from the direct advantage which we may expect to our exchequer from the Forest Department, do you think that it has hitherto increased and is increasing the general wealth of the country so as to make it more capable of paying the necessary expense of a civilised system of administration?—I think that the progress of forest management has had important bearings upon the prosperity of the country; upon its extended culture and in other ways.

2653. Now, for instance, has it any bearing upon the habitations of the people?—I have no hesitation in saying that in certain districts the dwellings.

dwellings of the natives are constructed of better materials, I might allude more especially to the Mahratta country; the rich cotton ryots use seasoned timber, and have better door-posts and better constructed dwellings than they had a few years ago.

2654. Your meaning, I presume is that since the more careful management by the Government of the timber, they can get seasoned wood, when before they would have had to put up with worse wood?—Clearly, inland depôts have rendered it available for that purpose.

2655. Has it had any bearing upon the communications of the country; has it been very useful to the railroads for instance?—I have already alluded to the very grave duties which have fallen on forest officers connected with the supply of sleepers and of fuel to the railways. I myself had to indicate the sources of the supply of 50,000 tons of fuel annually to the Delhi railway, some years ago, and now the demand is increasing since more trains are running.

2656. In short, without the Forest Department I presume the railways would have been constructed at much greater expense?—I think the Forest Department has aided and expedited the formation of the railways and diminished the expense.

2657. Could you mention any advantages, and especially any savings of expense, that have accrued to other departments from the operations of the Forest Department?—In the course of my duty I have corresponded largely with other departments, and have often been required to indicate the nearest points where various articles should be obtained; for instance, telegraph poles, handles of tools, and other necessary articles for the Ordnance Department, and gun carriages. To the Medical Department we occasionally supply gamboge, kino, sarsaparilla, and other articles of minor forest produce; to the School of Arts we have supplied box-wood and satin wood for wood engraving and for picture frames; and we have supplied other departments that I do not at this moment call to remembrance. In lieu of lance shafts, which were formerly made of ash from England, we have supplied a light form of bamboo, alluded to by one of the Members of the Committee, and in other ways we have met the wants of the different departments. I have mentioned all that occur to me at the moment.

2658. You have mentioned a great many useful products from which we may expect to derive revenue; but in such vast territories as those with which the Forest Department deals, considering that the botany of India is still imperfectly explored, especially in its economic aspects, there are probably a great many products as yet unknown, which will be commercially important?—I fully believe that there are economical and medical resources, little known, in course of gradual and progressive development.

2659. Much has still to be done, has there not, in examining the economic character of the plants of India?—Most certainly.

2660. And with a view to develope these and all other resources as yet unknown, we are trying to get as scientific a class of men as possible into the forest service, are we not?—That has been the order of the successive Secretaries of State in concert with the Governor General for some years.

2661. Is it within your knowledge that both the Government of India and the Secretary of State in Council have taken a great deal of pains in this matter?—Yes; they are extremely anxious to have more skilled officers.

2662. *Chairman.*] Do you mean people with more skill or a greater number of persons?—There are at present but a few skilled officers in the department; we want to increase the number.

2663, I thought you said that there were 80?—Yes, but they are not all skilled officers.

2664. Mr. *Grant Duff.*] You have yourself made a great study of the forest systems prevailing on the continent of Europe, have you not?—When returning from India, I visited the forest schools in Italy, France, and Germany, and I am satisfied that there is very much to be learnt which would be highly valuable in administering the forests of our Indian Empire.

2665. And you think that so far as we have gone hitherto, we have gone on the right road?—I believe that up to this time the experiment has proceeded cautiously and judiciously, and that the fruits will appear.

2666. Do you know, of your own knowledge, that we are very anxious to get more native employés into the service?—I believe there has been a notification from the Governor General of India, declaring that, as soon as they are qualified to undertake the duties, there will be a larger number appointed.

2667. But I suppose I am right in thinking that although very little attention has been given to forestry as a science in England, it now is recognised as a science by itself?—There is a very large forest literature in continental countries. We in this island have paid comparatively little attention to forests. There are schools of great importance abroad, and the department is looked upon as a highly skilled one, and there is a desire to enter the Forest Department in Germany and France as there is to enter the engineers or artillery in this country.

2668. In all the other highly civilised countries of Europe forest management is made a great service, is it not?—It has taken a high place in the services of those countries.

2669. And in general forest management takes rank with the other great services of the state?—Yes.

2670. Anxious as we are to get native employés into our service, we could not get them in high posts to any advantage, could we, until we have got a real forest school in India, and good traditions of management?—It is contemplated, I understand, by the Governor General, and it is in consonance with his wishes that a native school should be eventually formed in Upper India, with a view of training natives to occupy these higher positions.

2671. But to attempt to do anything in that direction at present would be premature, except in the lower posts which they now occupy?—Yes.

2672. You mentioned various new trees that we are introducing in India; are we following the example that has been set a good deal round the basin of the Mediterranean, of introducing the *Eucalyptus* in districts which have been too much denuded of trees?—Within the last few years we have introduced several species of *Eucalyptus*, and several species of *Acacia* and *Casuarina*.

2673. We are introducing the *Eucalyptus* largely?—Yes, it is a remarkably quick grower;

Mr. *H. Cleghorn*, M.D.

28 April 1871

useful for house building, and likely to become valuable on the Neilgherry Hills and elsewhere.

2674. And it is likely to restore to cultivation districts at present uncultivateable?—Yes, some of the impoverished (*sholas*) glades on the Neilgherry Hills, and in other parts of India.

2675. So that indirectly as well as directly, we may look for considerable financial results from introducing those trees?—Yes; there are other trees, as the cork oak and chesnut of Spain and sumach, which are at present in process of acclimatisation.

2676. There were some misconceptions, I think, left on the mind of the Committee the other day with regard to Mr. Phillimore's duties; would you define what are your duties and what are Mr. Phillimore's, so as to leave a clear impression on the mind of the Committee?—With regard to my own individual duties, since my retirement from the service, two years ago, I have resided in Scotland, and have been the occasional referee of the India authorities on matters connected with arboriculture and the forestry of India. I was assistant secretary of the Hyde Park Exhibition of 1851, and have paid much attention to the timbers of India.

2677. You are referred to, I understand, where personal knowledge of the country, or scientific knowledge is required in dealing with the forest despatches?—Yes.

2678. And Mr. Phillimore's duties are merely to conduct the correspondence?—He conducts the correspondence as assistant secretary of the Revenue department, which includes forest matters.

2679. He is in no sense the manager or superintendent of the action of the Indian Forests Department?—He conducts simply the secretarial part of the department.

2680. Could you get for us, and put in, a list of the European servants of the Forests Department, with their salaries, especially explaining who are scientific officers, and who are not?—Yes.—(*The Witness furnished the Paper*, vide *Appendix*.)

2681. *Chairman.*] Can you tell me whether the Forests Department has discovered any wood in India that is suitable for railway sleepers beyond teak, which they can hardly be said to have discovered?—They did not discover the value of teak wood; they have discovered certain places where it was not known before, and have brought it to the market. I cannot say that they have discovered any wood that is adapted entirely for sleepers, but they have brought many woods to the notice of the railway companies.

2682. But not one of them has been found perfectly satisfactory, has it, so as to suit without artificial preservation?—Many of the softer woods are at present submitted to the impregnation of mineral solutions, and we have brought some to notice as being abundant, and therefore available for railway purposes.

2683. Do you know whether the acacia is suitable for railway purposes?—The *Acacia Arabica* (babool) in Scinde is found to answer very well for railway purposes, I believe.

2684. It will not decay, I suppose, by exposure to sun and rain?—It is in great demand for railway purposes.

2685. Is there much growth of that?—Yes, and it is being extended in Scinde and the Punjaub.

2686. Has any consideration been given to its artificial cultivation?—In Scinde and the Punjaub, certainly.

2687. Not elsewhere?—I am not aware. It grows better in those provinces than elsewhere.

2688. Is not that the only other wood, except teak, that offers a prospect of providing tolerable railway sleepers?—Sâl and deodar.

2689. But you have stated that that only lasts 12 years?—They are extremely anxious to get wood that will last 12 years.

2690. The other woods will not even last for that length of time?—That I can scarcely answer.

2691. Can you tell me whether the Forests Department has ever made an economic estimate of the cultivation of any given quantity of land with teak, or any other wood?—I think the figures of the planting, both in Malabar and in Burmah, are very complete, and easily obtainable.

2692. Have they been carefully recorded from the beginning?—In Malabar, they have.

2693. Could you give the Committee a statement affording a proper economic estimate of the cultivation of an acre of land with teak wood in Malabar, showing the out-turn and the cost from the commencement, including the estimated out-turn from the thinnings?—I think I can give the total receipts and expenditure of the Conolly plantation in Malabar.

2394. And has that been done for the purpose of forming an opinion of the cultivation of any other wood in India?—We have not the data for the sales of more recent plantations; we have for the teak.

2695. But have any means been taken to form a record of facts, or otherwise, so that any economic estimate could be made of the cultivation of any other wood except teak?—The exact expenditure on the plantations is reported half-yearly, but the fuel plantations for the railways are as yet young, and the fuel is as yet small.

2696. If any one in this country were going to cultivate an acre with wood, he could have an economic estimate, without a Forests Department, or without any scientific aspirations of a high character; he could get an economic estimate made of the out-turn of that from the day it commenced till the whole of the trees were cut down; can that be given for these forests in India?—As the cultivation of timber is quite of a recent date, there are no antecedent data on which to base an estimate for a series of years, with the exception of the Malabar plantation

2697. Then are we to infer from that that no economic estimates have been made of the result of the operations of the Forest Department?—Estimates as to cost and probable returns are invariably made before plantations are sanctioned, but the actual results of those plantations have not yet come in, with the exception of the Malabar one.

2698. Could you explain to the Committee how far the Government are proceeding in the treatment of forests with any practical economic views; at present you have told us that they have created a larger establishment and materially reduced the net results of their management, but what I am anxious for you to explain is, whether there is any definite view that you can bring before the Committee of an economic administration of a single forest in India, or a system

system generally so as to produce net results more satisfactory than those which we have heard of at present?—There is a Budgete stimate submitted by every range officer, which is critically examined by the Inspector General, and it is only in consequence of the abnormal state of things, the heavy expenditure for the extension of railways and other purposes, that the expenditure has risen within the last one or two years, and, as I said before, we have no reason to believe that that will recur.

2699. But still you could not put before the Committee anything like a practical statement of the working of this forest system that would show any definite results?—I think the Budget estimate of the Inspector General of Forests would supply the information required.

2700. Mr. *Fawcett.*] You alluded last time to the forests in Travancore, and you said that the accounts relating to them were at the India Office: have you happened to look into that, so as to give us an estimate of the revenue and the expenditure on those forests compared with our own?—The Rajah of Travancore has a European conservator; he does not publish a detailed administration report, and does not submit it to the India Office; I have never seen the details; I am personally acquainted with the conservator, and have consulted with him, but these forests are the property of the rajah.

2701. But in talking to him has he ever given you any idea of what the revenue is compared with the expenditure in these forests in Travancore; has he ever told you that he has managed to hand over a large net revenue to the rajah?—I could not undertake to give the figures; there is no railway there, and the circumstances are very different; the trees are merely dragged out by elephants to the sea-board.

2702. In reply to the honourable Member for Elgin you stated that during the last eight years there has been a steady and gradual increase in the gross receipts of the Forest Department?—Yes.

2703. Would it not be also necessary to supplement that statement by saying that during the same eight years there has been a steady and gradual decrease in the net receipts?—I mentioned the reason for that.

2704. But still as a fact, I mean without the reasons, that is the case is it not?—There was a diminution last year from the enlargement of the establishment required for special purposes.

2705. But is it not a fact (I will ask the reasons if necessary afterwards) as a matter of accounts, that whilst this steady and gradual increase in the gross receipts has been going on, there has been at the same time a steady and gradual decrease in the net receipts?—It is so at present, certainly.

2706. You alluded a moment ago to the great increase in the expense of management in consequence of the railways, but I suppose if the Government are making a railway they pay for the sleepers which they buy from the Forest Department, do they not?—They pay for the sleepers.

2707. And that is put down as a revenue receipt, is it not?—It is. The labour market is much deranged by the enormous operations suddenly thrown upon the Forest Department, in connection with the progress of the railways, and it is not easy to calculate the exact cost of the timber.

2708. But still with regard to the answer you gave just now, mentioning the carrying out of railways as one great cause of the increased expenditure, would it not produce the wrong impression that you give materials to the railways for nothing, whereas in fact you sell them to the railways?—We sell them.

2709. And that is put down as a receipt?—Yes.

2710. I really understand the very important duties which you perform, both in England and in India; in India you had the personal superintendence of the forests, and here you are the scientific adviser of the India Office. But I should be very glad if you could throw some light on what good the Forest Revenue Department in the India Office does?—There is no such thing as a Forest Department in the India Office.

2711. Will you state precisely what Mr. Phillimore does?—Mr. Phillimore, I thought, had corrected the misapprehension by explaining that the forest business was only one branch of the Revenue Department, and one which happens to have fallen more particularly into his hands.

2712. Then I am correct in understanding that there is a certain branch of the Revenue Department at the India Office in which Mr. Phillimore and other gentlemen are specially engaged, and therefore there is a department in the India Office which specially concerns itself with the forest revenue?—A branch of a department.

2713. Mr. *Grant Duff.*] Mr. Phillimore is an assistant in the Revenue Department, with a great many duties to fulfil, and one of the many duties which he has to fulfil, is attending to such correspondence (and it is not very large), as comes from India, relating to forests?—Yes.

2714. Mr. *Fawcett.*] Of course besides the scientific part, you have been very much interested in considering the revenue which has been derived from the forests?—Certainly.

2715. And supposing you had to audit that revenue to see whether it was obtained from proper sources, whether too much or too little was obtained from the sale of timber or from the sale of wood for fuel, should you not think it necessary, in order to exercise a control over that revenue, that you should know the items of which it was composed?—The minuter details of the forest produce are not submitted to the India Office, they are critically examined in Calcutta, and the nine items of the forest revenue furnished are alone entered in the Budget; the details are not sent home.

2716. But in regard to those nine items, you would think it very important that a person who has to audit the revenue should be intimately acquainted with those nine items, would you not?—The Inspector General in India reports especially on the Budget of the Forest Department.

2717. If he does that, in what way is the India Office concerned in the revenue; if they do not superintend it, why is it called the Revenue Department, or a branch of the Revenue Department?—I am not able to account for the distribution of work in the India Office; forests were at one time connected with the Marine Department.

2718. You consider, with regard to the persons who have to be employed in this Forest Department, it is very important that they should possess the highest scientific knowledge?—In the Administrative Department.

Mr. *H. Cleghorn*, M.P.

28 April 1871.

2719. That they should be not only skilled botanists, but also that a knowledge of geology would be useful to them?—Highly valuable.

2720. And they are concerned, are they not, in the making of roads, so far as relates to the forests?—They should understand surveying.

2721. And engineering?—Levelling and road-making, certainly.

2722. Have you found any difficulty in obtaining this highly skilled European labour in England and Europe?—At the competitive examinations a large number of candidates come forward.

2723. And you would describe generally those whom you have obtained in the scientific department as persons highly qualified?—As highly qualified, with the additional training which they receive after examination.

2724. You have not thought it ever necessary to establish a special school in England for this department?—I have often considered that it would be highly advantageous to graft forest training upon such a school as the Royal Agricultural College at Cirencester, or the Highland Society of Scotland.

2725. To make it more a general branch of education in England, rather than to make it a special Government school; to graft it on any existing institution rather than to establish a separate school?—Yes.

2726. Mr. *Grant Duff.*] I suppose that the reason why we have not established or attempted to establish a forest school in this country is twofold; in the first place, because our forest service is an extremely small one; and, in the second place, because we can get admirable training on the Continent, far better than we could provide in this country?—Yes, and there are extensive forests there, which there are not in this island.

2727. So that the question of establishing a Forest College must be decided on different grounds from the question to which the honourable Member refers, the question, viz., of the Civil Engineering Colleges?—Certainly.

2728. Mr. *Lyttelton.*] Are you aware how long ago the Conolly plantation was planted?—It was commenced in 1844.

2729. Is there any special record of that?—There is of its earlier history, and it has been periodically noticed in the administration reports.

2730. It is perfectly well known, I suppose, what the planting cost, and what has been received since?—The figures have been kept in complete detail.

2731. Is there any estimate of the future receipts since that date to the end of the 80 years?—Estimates have been submitted of the probable receipts of that plantation, and are included in the administration reports.

2732. And that includes the total amount that will be received, at the end of 80 years, when the whole of the timber has become matured?—Yes, that is entered in full detail in the administration reports of the last few years.

2733. *Chairman.*] The receipts from the thinnings of the teak plantations are very valuable, are they not?—They more than pay expenses; every year there is an excess.

2734. Mr. *Lyttelton.*] Those returns to which you have alluded, would show the receipts from the loppings, I suppose?—Yes.

2735. And those would guide us as to other plantations?—To the whole in Malabar.

2736. And as to those forests that now exist?—With regard to those in a natural state, it is difficult to furnish an estimate per acre of a forest that has been neglected. In the case of a plantation, we know exactly, and can speak with confidence.

2737. Can you say roughly what would be the value per acre of a plantation at the end of 80 years?—I can only state, that 7,000 rupees, or 700 *l.*, are spent annually on the Conolly plantations; 300 *l.* of which are for planting 100 acres added every year.

2738. *Chairman.*] The question is what would be the value of the teak standing on an acre of ground at the end of 80 years?—That is a question of estimate, as to which many things might prevent my coming to a correct figure.

2739. Still there would be an approximate estimate for a successful plantation?—Up to the present date it has been eminently successful; and the annual gross receipts have been increasing year by year.

2740. It must be known how many trees would stand on an acre?—We have that as an estimate; we have not yet any teak plantations of anything like complete maturity.

2741. It must be known what is the girth of an 80 years' tree?—Yes, but it differs enormously in different localities.

2742. Taking the character of the soil as good, bad, or indifferent, it is known what is the growth of a tree of 80 years, is it not?—Yes, the estimate which is presented in the administration reports includes the prospective value for 80 years.

2743. You will furnish that to the Committee?—Yes.—(*The Witness furnished the Statement and Report*, vide *Appendix.*).

Mr THOMAS LAWRENCE SECCOMBE, C.B., called in; and Examined.

Mr. Seccombe, C.B.

2744. *Chairman.*] WILL you have the goodness to state what office you hold in the India Board?—I am Financial Secretary.

2745. Have you been in that department from the commencement of your public career?—I entered the service of the East India Company in 1829. I was appointed Assistant Financial Secretary in the India Office in 1858, and Financial Secretary in 1859.

2746. I wish to direct your attention to the items of the Accounts of 1869–70; will you be good enough to direct your attention to the item in those Accounts of 1,110,224 *l.* of revenue derived from "assessed taxes," and to state to the Committee what are the taxes that are intended to be described as assessed taxes?—The principal tax, which is included therein, is the income-tax. There are small receipts of arrears from license-tax, and from the tax on trades and professions of previous years included in that sum, and some minor receipts which are only described in the accounts as receipts from military and public works; I believe it to be chiefly the income-tax.

2747. Will you state what has been the course of the Government of India in levying this tax;

when did it first begin?—It was a measure introduced by Mr. Wilson towards meeting the serious deficit after the mutiny. It was then a tax of 4 per cent. That tax was imposed in 1860, for five years; it expired in 1865, and there was an interval without any assessed tax.

2748. Before this tax was levied, were there any taxes levied in India of the nature of a tax upon incomes or profits, or otherwise?—Immediately after the mutiny the Lieutenant Governor of the Punjaub requested sanction from the Government of India to impose a trade tax. He obtained that permission, and it was afterwards given to the Chief Commissioner in Oude. For two years small sums, amounting in the first year to somewhat above 100,000 *l.*, and in the next year to a rather larger amount, were received. On the introduction of the income-tax by Mr. Wilson the trade taxes ceased for the most part.

2749. But were there any other taxes of that nature levied upon the trades or industry of people, or otherwise in other parts of India?—There was the Moturpha tax at Madras.

2750. Was that levied for the purposes of the local government?—No, it entered into the Imperial taxation.

2751. Do you recollect the amount of that?—It was small. I cannot state the precise amount.

2752. Was that a tax levied over all trades and occupations in towns and villages? — In towns. I am not sure as to villages, but I believe it was also levied in them.

2753. Was there any similar tax levied in any other presidency?—Not for Imperial purposes.

2754. Was there by the local government?—Of that I am not fully informed. It has often been noticed by the financial member of the Governor General's Council that we have no sufficient particulars of the local taxation.

2755. But was not the Moturpha tax more extensively levied than in Madras; was it not one of the primitive taxes in India; were not trades and occupations taxed under it?—It was an ancient tax, certainly. I believe that trade taxes for local purposes had been long established in India.

2756. In 1860 what was the nature of the tax imposed?—It was a tax of 3 per cent., a general income tax on the basis of the English tax, with an additional 1 per cent. to be appropriated to public works.

2757. On what incomes was it to be levied?—The minimum income was 200 rupees per annum. Incomes of 200 rupees to 500 rupees were subject only to a reduced tax of 2 per cent. On incomes of 500 rupees and upwards the tax was 4 per cent.

2758. That is 3 per cent., with the 1 per cent. for local purposes?—Yes.

2759. Did the 2 per cent. in the lower scale include the 1 per cent., or was it 2 per cent. instead of 3 per cent.?—It was 2 per cent., without the additional 1 per cent.; the 1 per cent. was not levied on those incomes.

2760. Did that tax apply to every class of income derived in India?—Yes.

2761. And to every class of landowners?—Yes.

2762. To the Bengal landowners as well?—Yes.

2763. Was any change made in the mode of levying the tax in 1862?—Yes, in 1862 a change was made in the mode of levying it, the separate account of the 1 per cent. for public works being discontinued, it having been found to be inoperative.

2764. Was the minimum of income liable to taxation raised by the Act of 1862?—Yes, it was raised to 500 rupees.

2765. Was any further change made in 1863?—In 1863 the tax was reduced from 4 to 3 per cent. upon all incomes.

2766. Was the law for levying that tax a very comprehensive law, following very much the English Income Tax Act?—It was.

2767. And containing an immense number of minute provisions?—It did.

2768. When did that tax expire?—In 1865.

2769. What was afterwards done to raise a revenue by assessed taxes?—Nothing until 1867, when a license tax was imposed.

2770. What is the nature of that tax?—It was a tax on professions and trades, the minimum license being 4 rupees, and the maximum 500 rupees, according to a scale which was given in the Act.

2771. Will you state shortly what that scale was?—On profits from trades of 200 rupees, and less than 500, it was 4 rupees; 500 rupees, and less than 1,000, it was 10 rupees; 1,000, and less than 5,000, it was 20 rupees; 5,000 rupees to 10,000, it was 100 rupees; 10,000 to less than 25,000, it was 200 rupees. Incomes of 25,000 rupees and upwards had a maximum assessment of 500 rupees.

2772. Were persons in the public service liable to pay this tax though they would, of course, take out no license?—They took out no license, but they were subject to the tax.

2773. Was the exemption for them the same as for other people, as regards scale?—Yes, the same. There were some peculiar exemptions for military officers of a certain rank.

2774. What were the exemptions made in their favour?—Military officers not in civil employ, whose pay and allowances did not exceed 6,000 rupees per annum, and Government employés with a salary of less than 1,000 rupees a year, were exempt. Cultivators of land, not keeping a shop for the sale of produce, were also exempt.

2775. And were the owners of land exempted also?—They were exempt. It was not a property tax, but a license tax upon trades and professions.

2776. Was there any definition of what constituted carrying on a trade or profession?—"Every person exercising any profession or trade," was the definition.

2777. What was done after the Act of 1867 was passed?—In the following year that Act was repealed by what has been termed the certificate tax, which was much wider in its extent. The minimum of that tax was on incomes of 500 rupees, but the highest amount charged was on four lacs of rupees a year, and then the certificate amounted to 6,400 rupees; it was a tax beginning with eight rupees for 500 rupees, and going up by a gradual scale.

2778. Were there any exemptions in that Act?—The exemptions were nearly the same, in fact precisely, I think, as in the license tax.

2779. Was that for one year?—That was for one year.

2780. What was done in the following year, 1869?—In the following year an income tax was again introduced, but of only one per cent.

2781. Was it upon all kinds of income?—On

Mr. *Seccombe*, C.B.

28 April 1871.

income arising from offices, property, professions, and trades.

2782. Did it apply to incomes derived from the land both by landlord and tenant?—Yes.

2783. What was the limit of that tax?—There was no limit to that tax. There was a classification for the lower rates of income; but it was a one per cent. income tax.

2784. But what incomes were exempt from that tax?—Only those under 500 rupees.

2785. Was there any exemption in that Act in favour of the public servants or the military?—There was the same exemption in regard to military officers, and the tax was not imposed in regard to property set aside for religious and charitable purposes.

2786. That exemption for religious and charitable objects extended, I think, throughout the Acts, did it not?—Yes.

2787. What Act was passed after that?—In the autumn of that year a further Act was passed, the effect of which was to increase the assessment by a half per cent. for the whole year. It was one of the measures adopted by Lord Mayo on its appearing that there was a serious deficiency in the estimated income.

2788. What was done then in the following year 1870?—In 1870 the income tax of six pies in the rupee, that is equivalent to three and one-eighth per cent., was imposed.

2789. Was that in all other respects on the basis of the former Acts?—Yes, on the basis of the former Acts; it was imposed for only one year.

2790. Can you explain why the last Income tax Act differs so entirely in its frame and character from the first Income tax Act; is it not extremely short?—Yes; the question of an income tax had been much discussed, and as the amount was heavy, it was obviously the desire and intention of the Government to remedy any defects that it could possibly be believed existed in the former Acts.

2791. On what principle was it that all the provisions, or the greater part of the provisions of the first Income tax Act, were omitted from the last Income tax Act; that is, the Act which regulates the collection; the Act of 1868?—In the first Income tax Act every person was required, as in this country, to render a statement of his income; in the more recent Act that provision was omitted, and they were not required, in regard to the lower classes of income, to make such a return, unless required by the collector to do so. He, as far as I understand it, sends a statement of the sum which the individual was to pay, and unless he appealed against it, that amount was assessed upon him.

2792. Could you state to the Committee shortly what the change was that enabled the Legislature to pass such a very short Income tax Act, in its clauses, in the year 1868?—I believe that the form of the first Income tax Act was adopted in order that no one should escape from assessment. I believe that the more recent Act was passed with a desire to avoid any chance of oppression on the part of the lower officials who had the administration of that Act.

2793. But is the great brevity of the last Act arrived at by transferring to the Governor General in Council, in his executive capacity, the whole power to collect the tax, instead of defining the powers and duties of the collecting officers in the Act itself?—The duties of the collectors were shortly stated; but I am not aware that there is any omission of any point of importance.

2794. Were these taxes collected always within the year, or did the collection of each tax extend from one financial year into another?—They were collected, as far as possible, within the year.

2795. Would the revenue account represent the actual collection of each of the several taxes within the year, or would the amount of arrears render it impracticable to ascertain from the revenue account what was the result of each tax?—The precise result of each tax would not be shown, because the amount brought to account in each year was the amount collected.

2796. Can you tell the Committee what was the amount produced by each of these taxes?—No, I could not.

2797. No such accounts have been sent home?—No, we have not such accounts.

2798. Can you inform the Committee how far the item placed in these accounts for 1869-70, of 1,110,000*l.*, represents the tax which was levied under the Act of 1869?—There were two Acts in 1869, the one at 1 per cent., and the other to increase the amount passed in the autumn of that year.

2799. Do you suppose that the collection of that was so close that it would give us any idea of the out-turn of the two Acts of 1869?—There would be, no doubt, some arrear, and probably rather a considerable arrear, but in the main I should say that it might be taken as a near approximation to the amount.

2800. Are you in a position to tell the Committee, then, what is the out-turn of 1 per cent. of income tax under these Acts?—No; it has been stated at 700,000*l.* in round numbers, but we have no authentic statement as to the precise amount that would be obtained from a 1 per cent. income tax.

2801. Have you any statement showing the classified collection of this tax, the different amounts of income, and different classes of persons?—No, those have not been sent home.

2802. Do you know whether any such analysis has been made in India?—I have seen it stated that they have very accurate and voluminous statistics as to the tax in India, but they have not been sent home.

2803. Perhaps you would be able at some future time to furnish the Committee with some classified summary of the tax?—We can apply for those statistics.

2804. Mr. *Dickinson.*] Does the income tax absorb the Moturpha and those other taxes that you referred to?—Yes.

2805. The Moturpha is abolished, and the license and certificate taxes are abolished?—Yes.

2806. Might I ask what is the meaning of the "allowances, refunds, and drawbacks," 42,274*l.*?—They would be amounts allowed on appeal, after having been collected.

2807. Mr. *Beach.*] Has there been represented to you much feeling with regard to any of these taxes, the income tax particularly?—There was much discussion between the Government of Madras and the Government of India in regard to the first tax, but on the whole there certainly was little feeling exhibited on the part of the people, so far as I have been able to ascertain. There was one case in which the officers employed in Bengal in collecting the tax were considered

sidered to have misconducted themselves, and to have exercised some oppression; they were severely censured, and that was the only instance in regard to that tax. More recently there has been no doubt a great amount of feeling, there have been several petitions and great complaints in the press, and in consequence the Secretary of State applied to the Government of India to ascertain whether the complaints of oppression were well founded; and the answer was that there had certainly been some instances, but they were not of a very serious or extensive nature.

2808. I suppose that part of the feeling was owing to the circumstance of its being a new tax; a tax to which they had not previously been used?—In regard to the first income tax, undoubtedly it was. But then the emergency was favourable to its imposition.

2809. It has recently been raised again?—It was raised, in 1870, to 6 pies in the rupee.

2810. That is very nearly what it was originally?—The tax of 1870 was at the rate of three and one-eighth per cent., that of 1860 of four per cent.

2811. Do you think that there is more feeling against it, where the permanent settlement has taken place, than in other places?—No, I have no reason to think that. The feeling, to a great extent, is on the part of the European community; it is not confined at all to the zemindars.

2812. And on the whole, from what you have been led to think, would you consider that a tolerably equitable mode of raising a portion of the revenue?—I think it is a proper mode of imposing taxation, if it be requisite to resort to additional taxation at all.

2813. And with respect to the license tax, does that seem to press heavily upon the trades and professions?—I think not; but that has ceased as an Imperial tax.

2814. It is used only for local purposes?—It is now open to the local governments to use it or not.

2815. Sir *C. Wingfield.*] This income tax, in India, was levied as a per-centage for many years; did you ever hear that any inconvenience was found in India from levying it as a per-centage; that it was found a simpler mode to levy it by so much a rupee?—I never found that there was any inconvenience; but there is manifestly greater simplicity in levying it at so many pies to the rupee.

2816. Mr. *Dickinson.*] Is the collection of income tax paid for by a per-centage?—The officers of the land revenue are the principal officers employed in the collection of the income tax.

2817. And there is no special per-centage?—There is a charge for subordinates, but whether that is in the shape of a per-centage I am not aware.

2818. Mr. *M'Clure.*] I see that the estimate is considerably larger for 1870 and 1871; is that altogether arising from the change?—It was from the increased rate imposed.

2819. Do you expect that it will progressively increase?—That increased rate of six pies in the rupee has already ceased. The Government of India are about to reimpose the tax at the rate of two pies in the rupee; in fact, the Act has been passed though we have not officially received it.

2820. Do you think that the amount of income of the country will progressively increase?—Do you mean under all heads, or in regard to the income tax only?

Mr. *Seccombe*, C.B.

28 April 1871.

2821. In regard to the income tax?—There can be no doubt, I apprehend, that the income of India will progress, and there will be a larger out-turn from any tax upon it.

2822. Mr. *J. B. Smith.*] I see here the abkari tax (that is the tax on spirits and drugs), and I see that there is a very large increase since 1865; does that arise from an increase of the duties?—The abkari tax does not come within my department; it is under the Revenue Department: mine is confined to finance, but I believe that generally the increased prosperity of the people has led to their using the articles upon which that tax is levied more freely.

2823. Then it has arisen from that prosperity rather than from any increase in the rate?—From that and from the additional area over which the abkari tax is now collected.

2824. Then as regards salt, there is a very considerable increase; has there been an increase in the duty on salt?—There has been an increase in the duty recently at Madras and Bombay from *Rs.* 1. 8. to *Rs.* 1. 13. per maund.

2825. Mr. *Lyttelton.*] Is it your opinion that by means of the income tax in India we reach classes who are otherwise inadequately taxed or not taxed at all?—That has been the great object of an income tax so far as I have seen.

2826. Then you approve of taxing classes that would otherwise escape taxation by means of the income tax?—In regard to professions and trades, and persons making large incomes in those capacities, it has been held, and I believe correctly, that they are not taxed so highly in proportion to their incomes as the bulk of the people of India, and therefore that there is no injustice in imposing an income tax upon them if that tax be not excessive.

2827. And is it from all those classes that a great outcry against the income tax has come, or only a few?—Memorials against the income tax have been signed by a large number of the European mercantile community, and also by natives.

2828. Is that joined in by cultivators or proprietors of the land to any great extent?—We have not such an analysis of the signatures to those memorials as will show that, but I believe not.

2829. Is it stated in the memorials that you have mentioned that the imposition of the income tax on permanently settled proprietors has been a breach of faith?—It has been so stated, but not in the memorials.

2830. The greatest amount of discontent, as a matter of fact, has come from Bengal, I believe?—I can hardly say that. A memorial, influentially signed, has also come from Madras, nearly in the same terms; in fact I believe word for word it was the same memorial sent for signature to Madras as that which came from Bengal.

2831. Do you know whether it has been held by any jurist or lawyer of eminence that permanently settled properties ought not to be taxed in this shape?—That question was very fully considered and debated at the time of the introduction of the first income tax, and it was then held, especially by Mr. Wilson in introducing the tax (and he appeared to me to establish it)

Mr. *Seccombe*, C.B.

28 April 1871.

that it was no breach of faith to impose the tax on the permanently settled districts.

2832. Mr. *Eastwick.*] There was a memorial also from Bombay against it, was there not?—I think there has been one.

2833. Can you tell me whether in the first instance, when the tax was imposed, there was an immediate reference made to the Secretary of State, and did he approve of the tax when Mr. Wilson proposed it?—Yes, he did approve of it.

2834. And all along it has been approved of by the Secretary of State?—Yes.

2835. Mr. *Grant Duff.*] What was the reason of the change from the license tax to the certificate tax?—The license tax affected mainly the lower class of traders; the certificate tax affected in a proportionate degree those who were making larger incomes, and it was considered to be just to make that change.

2836. What was the reason of the change from the certificate tax to the income tax?—It was again thought that the certificate tax was an imperfect income tax, and that it would be better to make it an income tax in reality.

2837. In short, the income tax was re-imposed as being the fairest tax of the kind which the Government could find?—It was.

2838. And this policy was approved by successive Secretaries of State?—It has been.

2839. Could you explain in a few words what the attitude of the Secretary of State in Council was to the enhanced income tax of 3½th per cent.?—It was that of great regret that it should have been found necessary.

2840. But on the whole, I suppose, it was considered that Lord Mayo's Government had under very difficult circumstances done the best thing that it could?—It was.

2841. Under the very peculiar circumstances of the time?—Yes.

2842. Sir *C. Wingfield.*] Under the certificate tax I think no inquiries were made into incomes?—No.

2843. The people were ranged in grades?—They were.

2844. In regard to those taxes that were levied in the Punjaub and in Oude in the year 1860, before the income tax, as passed by Mr. Wilson, was introduced, you are aware, I have no doubt, that there was no attempt to inquire into income in those, but that those taxes were fixed on what was called the lump assessment principle?—They were.

2845. We first of all decided what a district was to contribute, then it was spread over the villages, and then the people in the villages spread it over themselves?—Yes.

2846. But I daresay you are aware that the circumstances at the time that that system of taxation was introduced were very different from what they became subsequently, because the country had just recovered from the mutiny and insurrection, and the people looked upon this tax simply as a means resorted to by the Government to reimburse themselves the expenses of the mutiny?—I have seen it so stated, but we have no official information to that effect.

2847. In fact in Oude the name by which it went among the people was a fine for the rebellion; I put that to you because the fact of those taxes levied in that rough manner being submitted to so cheerfully, was really owing to the very peculiar circumstances at the time of their introduction?—Yes.

2848. *Chairman.*] Are you aware that, in the Acts relating to the public funds in this country, there is a provision that the dividends from the public funds shall not be subject to any special tax?—I am not aware of that.

2849. It was considered that the income tax in India was not a special tax upon the zemindars, but a tax upon his income, the same as everybody else's income?—Yes.

2850. And, therefore, it was not any violation of the engagement entered into with him?—Quite so.

2851. Can you tell me whether any estimate has been made in India of the amount that a person enjoying any definite income would be liable to pay in taxes?—Officially we have no such estimate.

2852. You could not give us any information on that point?—No, not any trustworthy information.

2853. Will you direct your attention, if you please, to the item of 765,126 *l.* as "tributes and contributions" from native states, and explain to the Committee from what sources that revenue is derived?—It is that which its title conveys, they are tributes and contributions, in accordance with treaties, received by the Government of India.

2854. Can you give, if you please, any more detailed explanation of the amounts?—For the most part they are permanent; a portion of them is paid for the maintenance of military forces; a portion of them, according to the terms of the engagements, is paid for British protection; and a portion in commutation of military service.

2855. Can you give the amounts paid under those different heads?—I have not the particulars separated for 1869–70; for 1867-68, when the amount was 689,286 *l.*, as far as I could classify them, the charge for the maintenance of military forces was 281,000 *l.*; for British protection 211,000 *l.*; in commutation of military service 125,000 *l.*, and payments by various petty states, in regard to which we have no very definite information, 71,000 *l.*; the treaties could be furnished if required.

2856. With regard to the receipt of 281,000 *l.*, is the Government of India under any engagement to provide a military force, involving a definite expenditure in those cases?—It does maintain, and it is under engagement to provide forces; the Bhopal contingent is one portion and the Mysore division is another. In regard to Cutch, the protection is that of the general military force of the Empire.

2857. Can you state what that expense is in regard to Mysore and Bhopal?—They are so blended with the general military expenditure that I am unable to say.

2858. With regard to the item "British protection," does that mean some special service or general protection?—It means protection in general terms.

2859. The question as to the commutation of military service, that is what parties pay instead of rendering such service, I presume?—Yes.

2860. Is there any probability of that item either increasing or diminishing from any circumstances?—I can see no probability of its increasing; if there be any change, there is more probability of a decrease, but I am not aware of any immediate probability of that.

2861. Sir

2861. Sir *C. Wingfield.*] Is not the Mysore contingent paid out of the revenues of the Mysore State?—The military expenditure for a local force of cavalry and infantry is, I believe, believe, paid out of the revenues of the Mysore State, but there is also a considerable regular force, the charge of which is defrayed from the tribute to which I have referred.

2862. You have not formed an opinion, have you, on this point, whether the native states of India contribute an adequate amount to the British Government for the protection which they receive from the British army?—There is a Political Department in the India Office, which has especial charge of those questions. They do not come within my department.

2863. Mr. *Dickinson.*] I suppose you cannot help us to the principle on which the Nuzzeranas are assessed?—That also is a question appertaining to the Political Department.

2864. Have you an exact list showing each contributor to the fund?—No, we have not a list. In order to obtain the information which I have given to the Committee, I had to take the treaties and engagements themselves, which are published in several volumes.

2865. Within the last two years there has been a slight increase in that respect?—It was merely in regard to payment, not in regard to amount payable, I apprehend; that which is brought to account is the amount received within the year, but I am not aware that there has been any important difference, such as would justify the belief that the account shows that which is payable.

Mr. *Seccombe*, C.B.

28 April 1871.

2866. But the Nuzzeranas are a variable sum?—So far as they are on succession they would be clearly variable. Some of them, described as Nuzzeranas, appear to be of a continuous character.

2867. Mr. *Beach.*] Are these contributions provided for by special agreements?—Yes, by special agreements.

2868. Then they are not likely to be varied materially?—Not at all, unless by some Act of the Government.

2869. They are generally arranged satisfactorily, are they, from all you have heard?—As far as I am aware; but it does not come within my department.

2870. There are no complaints with regard to that point from the native states?—None.

Tuesday, 2nd May 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Sir James Elphinstone.
Mr. Baring.	Mr. Fawcett.
Sir Thomas Bazley.	Mr. Robert Fowler.
Mr. Beach.	Mr. Herman.
Mr. Birley.	Sir Wilfrid Lawson.
Mr. Bourke.	Mr. Lyttelton.
Mr. Cave.	Mr. M'Clure.
Mr. Beckett Denison.	Mr. J. B. Smith.
Mr. Dickinson.	Sir David Wedderburn.
Mr. Grant Duff.	Sir Charles Wingfield.
Mr. Eastwick.	

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR

Sir CECIL BEADON, K.C.S.I., called in; and Examined.

Sir C. *Beadon*, K.C.S.I. 2 May 1871.

2871. *Chairman.*] WILL you kindly state what offices you held in India?—I was Secretary to the Board of Revenue, Secretary to the Government of Bengal, and afterwards Lieutenant Governor of Bengal.

2872. In your capacity of secretary of the Board of Revenue, I presume you became familiar with all the incidents of the duty on salt in the Bengal Provinces?—Yes.

2873. Did those functions extend also to the North Western Provinces in connection with salt?—No, only Bengal proper.

2874. You are aware that in 1856 an inquiry, was conducted by the Government of India into the manufacture, sale, and tax on salt throughout India?—Yes.

2875. And that included every province and part of India, I think?—I think it did.

2876. Will you be good enough to state what were the circumstances which led to that inquiry, if you happen to know them?—I think it was owing to Lord Dalhousie desiring to have before him a full and complete history of all that had been previously done in regard to the salt revenue.

2877. Will you state what was the mode in which the salt revenue was conducted at that time in Bengal?—The revenue was collected partly by a system of Government manufacture and sale, and partly by a duty on imported foreign salt.

2878. Was any arrangement at that time subsisting for the importation of salt into Bengal?—Yes.

2879. Will you state somewhat more in detail what was the system of manufacture under the Government?—The districts on the sea-board of the Bay of Bengal were divided into a certain number of agencies, and an agent was appointed to manage each district or agency. Advances were made to the inhabitants of those districts, and they entered into an agreement to manufacture and sell to the Government a certain quantity of salt at a certain rate. That manufacture was carried on under such supervision as was necessary to prevent smuggling, and when the salt was manufactured it was stored in Government warehouses, and there it was kept until it was sold. The sales for the greater part of Bengal were always effected at the Board of Revenue in Calcutta. Merchants used to apply to the Board for the quantity of salt which they required; they paid the duty and the price, the price having been fixed by the Board at the cost of manufacture, and then they received from the Board an order upon a particular agency for the quantity of salt which they required.

2880. Was the sale always at a fixed rate in the whole, or was it an upset price?—The Board used to fix every year the price of each particular kind of salt by calculating what the cost of production was, and adding the duty to it, so that the salt was always sold to the public at the cost price, *plus* the duty.

2881. So that there was no competition whatever?—None.

2882. The Government fixed the price, and they took it if they chose at that rate?—Yes.

2883. Everybody was at liberty to buy at that rate?—Yes, in 1856. But there was also a supplementary system of sale for the districts in which salt was produced. It was found impossible to realise the same amount of duty from the salt which was sold in the saliferous tracts, as from the salt sold in those tracts where salt was not produced; and for that reason local stores were opened in these districts which were superintended by the local agents, and the merchants who desired to sell salt in those districts bought their salt at these local depôts at a price which was fixed from time to time by the Board with reference to the particular circumstances of each district.

2884. Were there any licences granted at that time to other persons to manufacture, on payment of a fixed duty, in Bengal?—Yes; there were a few instances: I think they were licences exclusively to Europeans who desired to manufacture salt on a more scientific method than the natives used.

2885. What

2885. What was at that time the duty on salt?—Three rupees four annas a maund. That comes, I may say at once, to 72 *d.* on 80 lbs., or a slight fraction under 1 *d.* a lb.

2886. Do you recollect what proportion that generally bore to the cost of manufacture?—It varied in different agencies.

2887. What was the general cost of the manufacturing of salt?—It varied from 80 to 110 rupees per 100 maunds.

2888. And was the license duty the same as that which you have mentioned?—Precisely, and so was the import duty.

2889. Was there any restriction upon imports, or was it perfectly open to everybody on paying that import duty?—It was perfectly open.

2890. Will you state the amount of the duty collected in Bengal in the year 1857–58, the quantity manufactured, and the quantity imported, and the amount collected as customs?—Taking Government salt, and first of all what is called "Wholesale under Presidency Rowanahs," that means the salt sold by the Board to the wholesale merchants, the quantity is 2,749,191 maunds; the prime cost of this salt to the Government was 1,514,716 rupees; the duty upon it was 6,872,977 rupees, and the total proceeds, that is to say, the total of those two last items was 8,387,000 rupees.

2891. Mr. *Fawcett.*] Is that Bengal alone?—It is not quite Bengal alone, because a certain quantity of that salt, when it is taken away by the merchants, is carried up the Ganges beyond the limits of the Lower Provinces, and is sold in the Province of Benares; but it is not a very large quantity.

2892. *Chairman.*] Having once paid the duty it passes free into the Upper Provinces, and any other provinces in India?—Yes, perfectly free.

2893. Therefore you have no account of the export of salt into the interior from the Province of Bengal?—None whatever. In addition to this quantity there was sold at the local depôts 916,000 maunds; the proceeds were 1,742,000 rupees, and the total proceeds of the Government sales were thus made up to 10,129,964 rupees. Then there was imported by sea 3,429,000 maunds, which paid a duty of 8,020,000 rupees; and there was manufactured under excise 18,263 maunds, which paid a duty of 45,657 rupees. Then there were miscellaneous receipts of the department charges, forfeitures, sales, and so forth, 123,000 rupees. So that the aggregate quantity of salt cleared and sold in 1857–58 was 7,113,000 maunds, and the total gross proceeds were 18,319,000 rupees. The charges of the department, including the cost price of salt, were 3,885,000 rupees, and the net revenue was 14,434,000 rupees.

2894. When you use the word "charges," do you mean that those were charges over and above the sums paid under the contracts for the manufacture of the salt?—No, it includes that.

2895. When was any change made consequent upon the Report of 1856 in Bengal in the administration of the salt revenue, or was there any change made in it?—Nothing was done upon that Report for a long time. It was not till 1863 that the Government determined to abandon altogether the system of manufacture.

2896. Was the rate of duty that you have described as that imposed on the manufactured salt, or intended to be collected from the manufactured salt obtained by the Government net, without any deduction, and were all the expenses connected with the manufacture and the collection of that amount considered as part of the cost of manufacture which you describe as influencing the price?—No, all general charges connected with the department were debited to the revenue as expenses of collection; it was only the actual charges of manufacture that were put upon the salt.

2897. That is, the sums you paid to the cultivators and the cost of paying them?—And the local agencies; everything connected with the expense of the local agencies was debited to the cost of salt; all general charges of the department were debited to revenue.

2898. Did I rightly understand you that there were different prices with reference to the quality of the salt manufactured in fixing the sum for which the salt was to be sold, or was it all treated as of one value?—No, it was all calculated upon the actual cost of manufacture without reference to quality at all.

2899. Was the salt thus manufactured very much inferior in quality to that which was imported, as regards the pure salt in it?—Well, examined chemically, it might be; but the people liked it just as well as the imported salt, and bought it as readily.

2900. Mr. *J. B. Smith.*] And did they buy it at the same price?—They paid more for it, because the importers could always afford to sell their salt at from 70 to 80 rupees a maund, when the Government were charging 100, and still the Government always had a sale for its salt.

2901. *Chairman.*] They preferred the sea salt made by the Government to that which was imported?—I suppose they were accustomed to it.

2902. You were going on to explain what change was made?—In 1863 the Government system of manufacture was abolished, and the Government from that time determined to depend for its revenue upon the duty to be derived from the importation of foreign salt, and from the excise duty upon salt manufactured in the country.

2903. Was that carried out in that year, or immediately?—It immediately began to be carried out.

2904. Then had that arrangement the effect of putting the salt revenue of Bengal on the same footing as that of all the rest of India; or do you happen to know whether there is any Government manufacture carried on still in India?—I believe that there is a manufacture carried on at Madras and at Bombay.

2905. Can you state what was the effect of that change on the production of salt in India, and on the amount of duty?—In regard to the production of salt in Bengal, you may say that it ceased absolutely; when the Government determined to give up the manufacture, the production of salt in Bengal ceased. I believe that there was no excise derived the first year, or if there was any, it was something extremely trifling; since that it has increased, but the main supply of salt for Bengal now comes from abroad.

2906. Was the rate of duty to be collected in Bengal continued the same as that which the Government had charged on their own manufacture?—Exactly the same.

2907. To what do you ascribe the cessation of the manufacture of salt in Bengal after the Government gave it up?—Because no person

Sir C. Beadon, K.C.S.I.

2 May 1871.

had sufficient capital to manufacture salt under the excise system, which the Government found it necessary to establish.

2908. Having reference to a statement which you made just now, let me ask, was it influenced by the fact that the price of the imported salt was below that of the manufactured salt, or the price at which they could afford to sell?—I think it must have been.

2909. What was the effect upon the price of salt generally in Bengal, shortly after the change of system?—It fell 50 per cent. of the cost. That was its effect upon the consumers.

2910. But on the wholesale price generally of the salt sold in Bengal, what was the effect?—It fell 50 per cent., because the foreign merchants could afford to import salt at 50 rupees per 100 maunds, and the Government had been in the habit of manufacturing it at 100 rupees the 100 maunds.

2911. Can you state from what places the salt was imported into Bengal?—The chief importation is from England, but there is also a considerable importation from the Madras and Bombay coasts, from Scinde, from the Persian Gulf, and a small quantity from Europe, that is to say, from France.

2912. Were there some natural difficulties in the manufacture of salt in Bengal that rendered it so much more costly to make there as to admit of its being manufactured in Bombay, and brought round from Bombay to Bengal?—Yes; the difference is this: that the brine at the head of the Bay of Bengal is more or less diluted by the fresh water of the Ganges, and requires a longer and more expensive process to evaporate than rock salt, or salt of any kind, which is dug out of the earth and boiled and evaporated in that manner.

2913. In fact in Madras and Scinde, and in Bombay it is the pure sea water?—The pure sea water which they are able to evaporate by the solar rays; they cannot do that in Bengal; it requires a boiling process there, and fuel is expensive, and the consequence is that the cost of the manufacture is greater.

2914. You were going to give us the quantities of salt consumed or imported into Bengal under the new system?—Perhaps I had better give you two years, what they were in 1857–58, and what they were in 1868–69.

2915. Can you give us the year after the change?—No, but in 1867–68 the quantity of Government salt sold had fallen to 1,715,000 maunds.

2916. What is to be understood by "Government salt"?—The salt which the Government had manufactured and sold.

2917. But I thought they had given it up at that time?—They had a large stock in store which they had to dispose of.

2918. That was the continued sale of the remainder of the old stock?—Yes; it has not yet been exhausted. The sale of Government salt had fallen, as I have said, to 1,715,000 maunds; the production of excise salt had increased to 53,000 maunds; and the importation of foreign salt had increased to 6,312,000 maunds. The total quantity of salt cleared for consumption had increased to 8,000,000 of maunds. It was in the previous year 7,100,000 maunds.

2919. So that the result was a general increase?—An increase of 1,000,000 of maunds, from 7,000,000 to 8,000,000. This, last year, has fallen slightly.

2920. To what do you attribute that increase of consumption; to the diminution of the price, or to the more improved circumstances of the people during the 10 years?—I think both causes must have had a share in the effect.

2921. Had the duty throughout that time remained the same, or had there been any increase of duty?—There has been an increase of duty only in the saliferous districts, because when the Government discontinued their system of manufacture, it then became easy to prevent smuggling, and thereupon the Government were able to bring those districts under the same system of sale that the inland districts had been under previously, and to exact the full amount of duty from the whole population.

2922. What do you call the saliferous districts?—Beginning from the eastward, Chittagong, Bulloah, Backergunje, Jessore, 24 pergunnahs, Midnapore, Hijelee, Balasore, Cuttack, and Pooree.

2923. That would represent the districts at the head of the Bay of Bengal?—Yes.

2924. Have you any exact information as to what the sale prices were, apart from the duty in the two periods which you speak of?—I think that I have mentioned that, in 1856, the sale price of Government salt varied from 80 rupees to 110 rupees per 100 maunds. You must add that to the actual duty of 325 rupees per 100 maunds, and that gives you the price at which the Government salt was sold.

2925. You say it was selling at 80 rupees per 100 maunds, in 1857; what was it selling for in 1867?—About 50 rupees, plus the duty.

2926. Was there any distress felt amongst the people who were engaged in manufacturing salt when the manufacture ceased?—Considerable distress.

2927. What became of that population?—I am afraid a considerable number of them were swept off the face of the earth.

2928. I suppose they betook themselves to ordinary agriculture?—They were the first victims of the famine in Orissa; they had nothing to fall back upon; they depended entirely upon the Government manufacture: they had no agricultural produce of their own, and a great many of them starved.

2929. But, in all other respects, do you consider that the change was beneficial to the community?—Yes, certainly.

2930. Has any difficulty been experienced in distributing the salt (which is imported at Calcutta chiefly, I presume) over the rest of the province?—None that I am aware of; it is very readily taken by the merchants, and finds its way through the ordinary channels of trade.

2931. Have you heard whether the price remains the same to the ultimate consumer in the interior, or whether he is benefited by the reduction of price in Calcutta?—I have no positive information on that point, but I infer it from the increased quantity of salt taken out for consumption.

2932. Mr. *Cave.*] Is it the fact, that when the salt arrives at a certain price, the consumption diminishes among the natives?—We have never found it so in Bengal.

2933. Have you heard of it in any other part?—I cannot speak as to any other part of India.

2934. It has never risen sufficiently high in Bengal to induce the people to do without it?—Never.

2935. It is the habit, is it not, of the people of India, when commodities get to a certain price, to do without them very readily?—Yes.

2936. When sugar, for instance, gets to a certain price it is exported instead of being consumed?—Yes.

2937. But you have not found that the case with salt in Bengal?—No.

2938. When you stated the fourteen million and odd rupees as the net revenue from salt in 1857–58, I did not quite understand whether you calculated in that the charges of the Revenue Department?—Yes; that is, after deducting the charges of the Revenue Department and the cost of the salt.

2939. So that it was strictly net revenue?—Strictly net revenue.

2940. Sir *C. Wingfield.*] You have said that the stock of Government-made salt is not exhausted?—Yes.

2941. But I observe that the Government of India, in a Despatch, dated the 20th of September 1869, accounted for a decrease in the revenue expected from salt in 1868–69 by the fact that the Government stock in Bengal was exhausted, and that they had overlooked the circumstance?—They meant to say that it was nearly exhausted, probably.

2942. They account for the falling off of revenue on the ground that it is exhausted?—They speak then only of the revenue from that particular source, but probably they go on, and I think they do go on to say, that it is made up by the customs duty upon imported salt.

2943. Yes; I only mentioned this as being evidence that the stock is exhausted; that is the fact, is it not?—It may be by this time; my information only goes to the end of 1869.

2944. You never heard, did you, that there was any caste prejudice against using the imported salt?—Never.

2945. The duty stands in Bengal now, I think, at *Rs.* 3. 4. a maund?—Yes.

2946. What was it before 1856 a maund?—It had been reduced to *Rs.* 2. 8.

2947. When?—It was reduced by successive stages of four annas a maund between 1843 and 1850, I think.

2948. Mr. *J. B. Smith.*] Reduced from what?—In 1843 it was *Rs.* 3. 4., that is to say, what it is now, and then it was reduced by successive stages of four annas to *Rs.* 2. 8.

2949. Sir *C. Wingfield.*] Then it was enhanced after the Mutiny, was it not?—Yes.

2950. *Chairman.*] In the accounts that have been laid upon the table for 1869-70 the salt duty in Bengal is stated at 2,583,562 *l.* gross receipts, the repayments are 34,000 *l.*, and the net revenue 2,549,000 *l.*; then the charges of collection are 12,000 *l.*, so that the ultimate net revenue after the deductions is 2,537,000 *l.*?—Yes.

2951. Do you know whether that revenue includes the customs as well as the excise, and every kind of collection from salt?—Everything.

2952. Therefore the item of "customs" in the account does not include any salt duty of any kind?—Certainly not.

2953. Do you happen to have any analysis of that total, so as to show how much is from the sale of salt?—Not for 1869-70: the latest report that has been received from Bengal upon the Salt Department is for 1868–69.

2954. Sir *C. Wingfield.*] Do you think the duty of *Rs* 3. 4. a maund too high; I mean, do you think that it diminishes consumption?—Certainly not; it amounts to a fraction less than a penny a pound.

2955. Some of this imported salt finds its way into Upper India, does it not?—A small quantity.

2956. I have heard that it has been coming up in rather larger quantities of late years; are you aware of that?—I am not aware of it.

2957. You have heard that in Upper India the salt duties have been complained of as too high, and limiting consumption?—I have heard that there are complaints.

2958. But you have not in Bengal?—Never.

2959. What might be the reason for there being an absence of those complaints in Bengal which are so common in Upper India; is it the greater wealth of the people, do you think?—I believe so; I believe that the agricultural classes who form the bulk of the community are much better off in Bengal than they are in the North West Provinces.

2960. Mr. *Dickinson.*] Is the salt duty collected in Bengal by the officers of the customs?—The customs' duties are: the excise duties are collected by the officers of excise.

2961. Is there any charge against the salt revenue in respect of the customs' officers of Bengal?—Yes, a proportion of the customs' charges.

2962. And is there any charge against that duty for the Excise Department?—Yes, a proportion.

2963. Does this sum of 12,384 *l.*, given as being the "charges of collection" for the years 1869-70, comprise that proportion of the customs and excise charges?—I believe so.

2964. That seems a very small sum for so large a revenue; are there any other special charges applicable solely to salt, and not to any other department of revenue?—None whatever.

2965. None such as watchers?—There is a preventive establishment.

2966. Is that specially for salt?—Yes, specially for salt.

2967. Is it large in Bengal?—Considerable.

2968. Then the whole charge seems to be 12,000 *l.* against salt?—No, it is more than that; it is 74,000 *l.*

2969. That is including drawbacks, is it not?—But there is no drawback.

2970. You will see a heading for "drawbacks"?—Yes, but it is blank. The charges for the previous year 1868-69 were one million of rupees for Bengal; that is 100,000 *l.*

2971. The drawbacks, I presume, would be a mere matter of account; they would not be an item of charges of collection?—No.

2972. You think that there is some mistake in this amount of 12,384 *l.*?—I think there must be some mistake there, because this statement which I have before me, which is a statement prepared by the Board of Revenue, is, I have no doubt, correct.

2973. *Chairman.*] It might be an explanation of the matter that the amount of salt sold was deducted from the charges?—No; because the quantity of salt sold is so very small; I cannot explain that entry in the accounts.

Sir *C. Beadon*, K.C.S.I.

2 May 1871.

2974. You are aware that we have not the same year as that which you have just given?—No; but it must be much more than that.

2975. The charge for collection in the account of 1867-68 for Bengal is 11,705 *l.*?—According to my accounts it is 1,007,288 rupees for Bengal alone, which is 100,000 *l.*

2976. In the account before us it is described a little more in detail; "Bengal Salt Agents Salaries, Establishment, and Contingent Charges, 11,705 *l.*;" that is for the year 1867-68?—Then they have left out the whole expense of the preventive establishment, and I do not know where that is charged.

2977. That would probably be charged to the general charges of the excise or customs; perhaps this charge is exclusively confined to the special service for salt as appearing in these accounts, and the other charges go into the excise and customs charges?—I think not; there is a large special establishment employed for preventing the smuggling of salt in Bengal, and that must be charged somewhere. It is charged in this account of mine I have no doubt, but where it is charged in the general accounts I cannot say.

2978. Mr. *Dickinson.*] Will you tell me what the salt agents are?—There are no such people now.

2979. In 1869-70, I presume there were salt agents, because it says, "Salt agents' salaries, establishment, and contingent charges, 12,384 *l.*"?—They came to an end when the Government manufacture was abolished; that was six years ago; they kept up the old nomenclature in the accounts however, and did not change it.

2980. Mr. *Fawcett.*] I suppose from your knowledge of India you consider salt almost a necessary of life, do you not?—Not more in India than elsewhere.

2981. I suppose it is always a necessary, but still a vegetable diet, like rice particularly, requires salt, does it not?—I am not aware that it does more than any other kind of diet.

2982. Still it would not be incorrect to describe it generally as a necessary of life?—It is a necessary of life all over the world.

2983. And the duty now upon it in Bengal is *Rs.* 3. 4. a maund, is it not?—Yes.

2984. And I understood you that the price of it, duty free, in Bengal, was about half a rupee a maund?—Yes.

2985. So that the duty is a duty of 700 per cent.?—Yes.

2986. In some parts of India, close to where salt is produced, the price of the salt, duty free, is even less than half a rupee per maund, is it not; I mean close to the salt lakes and salt wells?—I cannot say that the price of salt there is less. I am not aware that it is, but no doubt individuals might manufacture it themselves for less.

2987. Considerably less?—Probably.

2988. I have seen it stated that in parts of India if the salt were duty free, and people were allowed to manufacture it as they liked, they could manufacture it at an eighth of a rupee per maund?—For their own consumption probably they could.

2989. Three rupees four annas is the least duty charged now upon salt, is it not?—No, the highest.

2990. Is there in any place a less duty charged?—In other parts of India much less is charged; in Bombay and Madras and the North West Provinces.

2991. Is there less duty charged in these places where you say the people might manufacture it themselves for an eighth of a rupee per maund?—In Madras and Bombay, but not in Bengal.

2992. In some parts of Bengal there are places where they could manufacture it for themselves at an eighth of a rupee per maund?—Yes.

2993. So that in Bengal it comes to this, that on a prime necessary of life there is a minimum duty imposed of 700 per cent., which rises in some districts to a duty of 2,800 per cent.?—Just upon the margin of the sea.

2994. Do you think that the fiscal history of any civilised country in the world would furnish an example of such a duty as that?—I cannot say.

2995. It is a subject which you have never looked into?—No.

2996. Do you think it is possible to raise the duty upon salt more?—Do you mean possible or expedient?

2997. Possible or expedient; do you think that you would raise more revenue in the first instance, if you did raise the duty?—Yes, I think you would.

2498. Do you think it would be expedient?—It is difficult to answer that question absolutely; it must depend upon the circumstances under which revenue is required by the Government.

2999. But can you conceive any purposes for which revenue would be required by the Government which would justify a Government in imposing, upon a necessary of life, a duty of more than 700 per cent., and, in some instances, more than 2,800 per cent.?—Yes; because I think that the expediency of a tax must be measured rather by the ability of the people to bear it and to pay it, than by any calculation of per-centage as to its original cost.

3000. But do not you think it would be a strong argument to condemn a foreign power having anything to do with the government of a people, if they cannot govern it without imposing such duties as this?—No, it does not strike me in that light.

3001. I believe, before the English Government had anything to do with India, no such tax was imposed upon the people?—They paid a salt tax.

3002. But can you tell me what it was?—It was much less than that.

3003. Not a 10th, was it?—I do not think that the extent was ever ascertained. The taxes were farmed in those days, and the farmers got what they could out of the people.

3004. I have seen it stated, that it was not a 10th of the present tax, and you do not know that that is incorrect; you simply know that it was very much less?—I dare say it may not have been more than a 10th.

3005. Then do not you think it is one very serious cause of discontent to a people, if you find that a tax on a first necessary of life, imposed by an alien government, is increased tenfold?—I do not know what it may be in the abstract, but, as far as Bengal is concerned, I can safely say that I never heard a word of discontent, from any class of people, in respect of the salt tax.

3006. There is grave discontent with regard to

to it in many parts of India, is there not?—I am not aware. I have heard that there have been complaints in the North West Provinces that the salt tax there is too high.

3007. Did I correctly understand you just now to say, that since the Government gave up the manufacture, and salt had been made somewhat cheaper in consequence of that, the consumption of salt had, in some parts of India, greatly increased?—Yes.

3008. Then, putting it in a different way, the consumption of salt varies with its price?—But it has equally increased after the Government has increased the duty; the increase is annual and regular, and has never been checked by the imposition of duty, neither has it been greatly stimulated by the reduction of duty.

3009. But then that seems contradictory; I do not quite understand your original answer in reply to the Chairman, in which you said that owing to the price having been reduced the consumption had considerably increased; if you do not wish to convey to the Committee the idea that the reduction of price has anything to do with the increase of consumption?—I only mentioned the decrease in price as one of several causes; another cause is the improvement of the condition of the people; a third cause was mentioned by Sir Charles Wingfield, namely, the increase in the quantity exported to the North West Provinces.

3010. If the financial exigencies of India should increase, do not you think, considering the enormous duty now imposed upon salt, that it would be desirable, if possible, to avoid resorting to it for any increase of revenue?—If I may be allowed to give an opinion upon a point which embraces something more than Bengal, I would say that one of the first legitimate objects of additional taxation in India would be the salt of Bombay and Madras, which now pays about one-half of the duty which the salt of Bengal does.

3011. You would suggest, then, as a measure of general expediency, not to equalise the duties by reducing them, but to equalise them by raising the lower ones up to the highest standard?—Speaking of salt, I do.

3012. Would you carry out that throughout India?—No; but if additional revenue is wanted I should think it a very safe and legitimate mode of obtaining that revenue by increasing the salt tax in Madras and Bombay, so as to bring it up more nearly to a level with that of Bengal.

3013. I think you referred just now to the people in Bengal as being better off than the people in other parts of India; better off, I think you said, than they were in Madras and Bombay, taking the great mass of the people?—I only spoke of the condition of the people of Bengal in comparison with those of the North Western Provinces.

3014. Do you know what the duties are in the North West?—I believe they are three rupees a maund.

3015. Then the duties in the North West are almost exactly equal to what they are in Bengal?—There is a difference of four annas, that is to say, one-thirteenth.

3016. You have recognised the principle in a previous answer, that one principle of taxation should be, as far as possible, to levy it in proportion to people's ability to pay?—Yes.

3017. Then bearing that principle in mind you would have considerably to reduce the salt duty in the North West, would you not?—I really do not know much about the condition of the people in the North West, but if, as I suppose, their circumstances are very much worse than those of the people in Bengal, it might possibly be expedient to reduce the tax on salt there.

3018. And that might be the case in other parts of India?—No; I believe the people of Madras and Bombay are quite as well off as the people of Bengal, and they pay very much less duty on salt than the people of the North Western Provinces do.

3019. Do not you think it undesirable to have a duty which varies in different parts of the country so enormously in proportion to the value of the article?—No; I am rather an advocate for provincial taxation in India; I think the taxation of each province ought to be regulated according to the circumstances of that province.

3020. I understood you just now that you were in favour of something rather different, in favour of equalisation?—That was merely as a question of fairness.

3021. Have you formed any estimate of the maximum which you think it would be expedient to increase the duties to; in fact could you give us any idea of how much more, under a state of financial exigency, or emergency, you might hope to get out of the salt duty?—I have looked at it in this way. I mentioned before, that the duty on salt is something under a 1*d.* a pound; and I believe that the imposition of that duty does not in the slightest degree affect the consumption in Bengal, nor is it felt by any class of the population. I think it therefore very probable, if not certain, that some addition might be made to that tax, if it were absolutely necessary, without causing any severe burden to fall on even the poorest class of the population.

3022. Do you think that the tax might be increased to the extent of 50 per cent.?—I have never contemplated anything like that.

3023. Would you give an idea of what you have contemplated as a possible increase?—I never contemplated anything more than 2 annas, and that was because it so happened that money was wanted for local purposes. When I was Lieutenant Governor of Bengal a certain proportion of the first income tax, imposed by Mr. Wilson, was set apart for public works in Bengal; and when that ceased, the Bengal public works were suddenly deprived of an income of about 12 lacs of rupees, and the Government of India wished to know how that could be supplemented, and they asked if it could be supplemented by local taxation. I then had to cast about me for means of local taxation, and after a good deal of thought and inquiry I came to the conclusion that the least objectionable mode would be to put on 2 annas to the salt.

3024. So that the elasticity of this salt revenue which you contemplated, that is to say, the rise in the revenue, which you contemplated, is to increase it not by a large amount, but by an increase of about 5 per cent, which, in the case of Bengal, would bring in about 120,000 *l.*?—Yes.

3025. That is the increase which you contemplate as possible?—Yes.

3026. I have seen it stated in an article attributed to a certain Lieutenant Governor of Bengal, and given on his authority that there has been

Sir *C. Beadon*, K.C.S.I.

2 May 1871.

been a considerable increase in the salt duties lately in India, since the mutiny?—Yes.

3027. Could you give us the items of that increase?—Before I answer that question I wish to correct an answer which I gave to an earlier question which the Chairman put to me. I stated that at the time of that report, in 1856–57, the duty was *Rs.* 3. 4. That was a mistake; it was then *Rs.* 2. 8. The *Rs.* 3. 4. duty, was not imposed till after the mutiny in 1858.

3028. Then since that time has there not been any increase in the salt duty?—Not in Bengal.

3029. But in other parts of India has there been any increase?—Yes; in Bombay and Madras.

3030. Do you know the increase?—I cannot speak accurately to it.

3031. The duties have been doubled in those cases?—Nearly doubled; they were very low before.

3032. You said that the salt duty is not felt by the great bulk of the people; you saw a great deal of horrible suffering in the famine in Orissa, was it not felt by the people there, had they not a difficulty in getting salt?—Their difficulty was in obtaining rice.

3033. But if they had to spend so much more on salt, they had less to spend on rice?—The expenditure on salt is so very small as compared with the expenditure on rice, that it would hardly be felt; the one is swallowed up in the other. A man who is starving for want of rice does not trouble himself about salt.

3034. Mr. *Birley.*] Did I understand rightly, that in 1843 the duty was *Rs.* 2. 8.?—It was reduced to *Rs.* 2. 8. in 1843 or 1844.

3035. And you tell us that you think that the natives really get sufficient for their own consumption?—I have every reason to think so.

3036. What are about the wages of a labouring man in a country district in Bengal?—It varies very much.

3037. It is often not more than 1*d.* or 2*d.* a day, is it not?—I never heard of its being so low as that.

3038. I suppose that the price of salt is very much enhanced by the carriage?—Not very much; 5 or 10 per cent., perhaps.

3039. Do you mean that salt could be carried up from Calcutta, and penetrate into the rural districts of Bengal, far from the rivers and ordinary means of communications, withqut very much enhancing the price?—When I was Lieutenant Governor of Bengal, I used to have before me statements of the retail prices of salt in all districts of the country, and I cannot recollect, under any circumstances, in the most distant province, their being higher than *Rs.* 4. 8.; and I think ordinarily they were from four rupees to *Rs.* 4. 2., or *Rs.* 4. 3.

3040. I was in India in 1844, and I certainly understood that the cost of salt was a very serious pressure on the native population of Bengal at that time, and that in the neighbourhood of Calcutta even it was so; that is not your impression?—I never heard it; and I made it my business to make very close inquiries frequently on the subject.

3041. And that if not actually essential it was the condiment to their ordinary repast, which it was hardly possible to dispense with, because rice would be very unpalatable without it?—Some years ago the Government instituted inquiries into the consumption of salt by the natives of India, and they took specimens from every class; they made inquiries as to the quantity of salt consumed in a family, and they took a family of a European, a family of a well-to-do native, a family of a man of the middle classes, and a family of a man of the lowest classes, several of each class, and the result was that with very trifling variations indeed, the consumption of each family per head of the family was found to be six seers, that is 12 lbs. a head in a year; and there was no material difference between the consumption of the richest man and the consumption of the poorest man, on the average. Now, if you take the population of Bengal to be 40,000,000, as I see it so stated in the last statistical return, and the amount of salt sold to be 7,250,000 of maunds, you will find that it gives a consumption of 14½ lbs. per head.

3042. A great deal of the salt goes to the North Western Provinces, does it not?—Not a great deal; some does.

3043. Is there much fraudulent manufacture of salt in the saliferous districts?—Yes, a good deal in a petty way.

3044. And is salt produced anywhere beyond the interior of Bengal?—An insignificant quantity of salt is produced in the district of Tirhoot, and the other districts of the Behar Province, in the course of the manufacture of saltpetre; but not otherwise.

3045. You rather surprise the Committee, I think, by telling us that the Government had no difficulty in selling their salt at the price of 100 and 110 rupees per 100 maunds, at the same time that the importers were selling it at 80 rupees; did the Government keep up that price with the remainder of its stock?—No, it reduced it. As long as the Government kept up the system of manufacture, it was considered to be only fair to the importers that the Government should charge the full cost of the manufacture; but when the Government ceased to manufacture, and was left with a large stock of salt upon its hands, then it was considered perfectly fair, in order to get rid of this large quantity of salt, and to realise the duty upon it, to abate somewhat of the original cost price.

3046. Mr. *Beach.*] With reference to what was stated just now, various causes, I presume, would prevent an exact deduction being drawn from the amount of the salt tax formerly levied to what is levied at present; it is stated that it might have been one-tenth that was levied in the old times; but various causes, such as the rise in the value of money, the ability of the people to bear the tax, and other causes, might prevent there being an exact deduction from the proportion which the tax bore then to what it is now?—Such causes, of course, are always in operation. Prices generally have risen throughout the country; prices of all kinds of provisions have risen; I suppose at least 50 per cent. throughout Bengal; but salt has remained stationery, or rather has diminished.

3047. And in former times there was a great discrepancy, I believe, between the amount which was levied upon the people, and that which was realised in the treasury of the native princes?—I have no doubt that the farmers of the revenue made a large profit on what they took. The revenues in those days of the native princes were farmed out.

3048. Did the Government make any profit by

by the manufacture of the salt that it sold in Bengal?—Their profit is represented by the duty.

3049. Simply by the duty?—Nothing but the duty.

3050. But if the prices fell at once 50 rupees, why could they not manufacture it as cheap as other people?—Because, as I endeavoured to explain to the Committee just now, the expense of manufacturing salt in Bengal is greater than the expense of manufacturing salt in England and conveying it to Bengal; the reason being, as I stated before, that the brine at the head of the Bay of Bengal is largely diluted with the fresh water of the Ganges, and consequently requires a much more expensive process to evaporate it.

3051. It is stated, I think, that an illicit traffic of about 1,000,000 of maunds prevails throughout India in salt; is there a large proportion of that existing in Bengal?—A very minute proportion indeed.

3052. You consider the amount of the salt tax a fair test of the prosperity of the people?—I do not know that it is quite accurate to say that it is a fair test of the prosperity of the people; it is a test, no doubt.

3053. It is a tax which does not bear very heavily, and it is an article of universal consumption?—I think that the fact that they are able to bear it shows that they must be in a prosperous condition.

3054. Mr. *Baring.*] Is the fraudulent production of salt on the increase at all?—No, on the contrary; since the Government have given up the manufacture of salt it has been greatly on the decrease, being so much more easily prevented.

3055. Is it possible that from one part of the country where the duty is very low there can be smuggling into a part where the duty is high?—Yes, and such smuggling does take place, not to any very great extent, but still it does take place from the Madras districts on the Ganjam coasts into the Cuttack districts; and the Government has to keep up a cordon of preventive officers to put a stop to that illicit traffic.

3056. That would be rather an argument for equalising the duty, would it not?—It is. Speaking as a Bengalee, I may say that we have always felt it a great grievance in Bengal that we should have to keep up a cordon of preventive officers because the Madras people tax their salt less than we tax ours.

3057. Is there any smuggling of salt imported from England?—None; it is not possible.

3058. Sir *D. Wedderburn.*] I think you said that you did not consider the salt in Bengal as more a necessary of life than in other countries; am I right in believing that in Bengal rice is the staple food, and that, except in the form of butter, animal food is hardly consumed?—They consume a great deal of fish.

3059. In parts of India, where the supply of salt is insufficient, are there prevalent any particular diseases among the people?—Certainly no diseases have ever been prevalent in Bengal that I have heard attributed on any good authority to the want of salt.

3060. Sir *J. Elphinstone.*] What do you state as the full allowance of salt per year to an adult?—I mentioned to the Committee just now that the inquiries made on that subject by the Government some years ago, resulted in this, that the average consumption per head in a certain number of families of all classes, was six seers, that is 12 lbs. a head. Of course if the average consumption is 12 lbs. a head, the consumption of an adult must be more than 12 lbs. a head, because it is not to be supposed that infants consume as much as adults.

3061. What do you consider the annual cost to an individual of the salt which he consumes?—I make out that taking the present consumption of salt, and the population of 40,000,000, it gives 14½ lbs. per head, and the tax is about 1 *d.* a pound, so it is about 14 *d.*

3062. He pays 14 *d.* a year to the revenue?—Yes.

3063. It operates as a poll tax?—Yes.

3064. *Chairman.*] That is, including man, woman, and child?—Yes, the average per head.

3065. Sir *J. Elphinstone.*] If the salt duties were repealed, would it be possible to substitute any other impost that would produce the same result?—I think not without an immense amount of suffering and oppression; and nobody can tell what consequences.

3066. Have any proposals been made to equalise the duties on salt in the smaller presidencies later than 1868?—I believe there have, but I cannot speak positively.

3067. You cannot state from your own knowledge that the matter has been considered since that time?—No; I have ceased to have any official connection with the Government since 1867, and therefore as to any thing since, I can only speak from what I hear.

3068. I believe that there are something like 10,000 men employed in guarding the line of customs frontier?—I have no knowledge of that, it does not form any part of the Bengal administration; it belongs to the North Western Provinces entirely.

3069. Mr. *J. B. Smith.*] Is the carriage of salt from one place to another a very important element in its price?—If you calculate it upon the prime cost of the article, it is, but if you calculate it upon the price the public pay to the Government for it, that is to say, if you calculate it upon the price with the duty, then the addition of the cost of carriage is insignificant.

3070. Do the Government forward the salt to different parts of the country for sale?—No.

3071. Then whoever buys of the Government, must of course add the price of the carriage to the salt before he can make a profit out of it?—Certainly.

3072. Then if the price of the carriage of salt be 2*l.* or 3*l.* a ton from one place to another, of course it must increase the price of the salt?—It increases the price of the salt by the cost of the carriage, whatever that is.

3073. Then does not the price of salt depend very much in different places upon the facility of obtaining their salt by means of canals, or rivers, or roads?—Yes, of course those people who live more distant from the great lines of traffic have to pay more for their salt than those who live upon those lines of traffic.

3074. Supposing that there are no roads, and the salt is carried on the backs of bullocks, would not that add very much to its cost?—Yes.

3075. In fact it would be equivalent to a tax upon it?—I do not see how it could be equivalent to a tax; it would be an addition to the price.

3076. If, by means of a railroad, for instance, they

Sir *C. Beadon*, K.C.S.I.

2 May 1871.

they could obtain salt at half the price which they formerly paid for its being carried on the backs of bullocks, it would be equivalent to a diminution of the tax?—It is equivalent to a diminution of the cost of carriage.

3077. Supposing you undertake to convey the salt to a certain point, free of expense, the purchaser of the salt would then only have to pay the same price at that place which he would have to pay at the place where the salt came from?—Yes.

3078. But if you, instead of that, oblige him to carry it, and he is put to a great expense in consequence of bad roads, then that operates in the same way as if you put an additional tax upon it, does it not?—It may operate in the same way, but it is a very different thing from a tax, as I understand it.

3079. It operates in the same way as a tax?—Yes, it enhances the price, of course.

3080. Do not you suppose that the establishment of railroads in Bengal, for instance, has very much facilitated the carriage of salt, and so has cheapened it?—Greatly, in all those districts which the railways permeate.

3081. The price of salt has therefore been lowered?—Yes, probably.

3082. And therefore the establishment of roads and railroads is equivalent to a reduction of taxation?—Unquestionably, in that point of view.

3083. Is not that a very important point of view?—I think it is.

3084. We hear that the consumption of salt is very much increased. Is not one reason of that increase the diminution in price which has been caused by cheapness of conveyance?—Hardly, I should think; it may be one among many causes, but not a very potent cause, in Bengal.

3085. Do not you think that it must be the case in every place. I have a return from Nagpore, and the consumption there, in consequence of the high price of carriage, in the year 1862, was only 5 lbs. a head; the consumption is said to be in other parts of India 20 lbs. a head, and the consumption in Pondicherry is said to be 30 lbs. a head. Must not that be owing to the price?—I should think it was.

3086. *Chairman.*] Do you think that the consumption in Pondicherry arises from the fact of the fish being cured with salt at Pondicherry?—I think it is extremely probable.

3087. It might affect the rate per head of the consumption, if there is a large curing of fish for the interior?—Any industry of that kind would largely increase it. Salt used for curing fish in a small area, intended to supply a very large area, would of course very much add to the average consumption of salt in the smaller area.

3088. Is Nagpore, do you suppose, supplied at all with salt from the Bengal Provinces, or is it supplied from Bombay?—Certainly not from Bengal, probably from Bombay.

3089. Do you know whether any of the rock salt is brought down from the north to Nagpore?—No, I cannot speak positively.

3090. Mr. *J. B. Smith.*] I believe that Nagpore is supplied with salt from Madras?—I should think, most probably, that it would be supplied from Bombay.

3091. If you make a railway to a certain place, and by means of that railway you are able to convey the salt, we will say, at a 1 *d.* a pound less, the people would not be any worse off if you were to impose an extra 1 *d.* a pound duty?—It is the same thing.

3092. Therefore, if the Government were to go to the expense of making the railway, they could, if it were necessary, impose a higher duty, owing to the saving that was effected by the carriage on the railway, and the people would not be worse off?—The opening of a railway in any part of India improves the condition of the people in all respects; not in respect only to their salt, but in respect to everything. Salt is only one small item in the whole amount.

3093. I think you stated, that there were some public works executed in Bengal, and that in consequence of the cost of those works to the Government, an extra duty was laid upon salt?—No; I said, that when the payment to Bengal out of the first income tax ceased, the Government of Bengal had to consider how it was to replace the deficiency; and I then went on to state, that a tax of two annas a maund on salt had occurred to me as the most expedient mode of raising the funds that were required to make up the deficiency; but no proposal to that effect was ever formally made.

3094. Was that deficiency occasioned by the execution of public works?—No; the deficiency was occasioned in this way, that when the first income tax was imposed, 1 per cent. of it was given up to public works. The consequence was, that an allotment of that 1 per cent. was made to the Bengal Government every year for public works, and an impression arose, I will not say whether justly or not, that that would be continued; but when the five years of the income tax ceased, the 1 per cent. ceased, and the Government of Bengal found itself embarked in undertakings of considerable magnitude without any means to meet the expense of those works, and they therefore had to cast about for means to make up that deficiency. It was then that a tax of two annas upon salt occurred to me as the best mode of meeting that deficiency; but it never was proposed officially.

3095. Then it was not adopted?—No.

3096. Sir *T. Bazley.*] You have spoken of the Government sales, and the wholesale price of salt in Bengal; can you tell the Committee what the augmentation of price has been for carriage and dealers' profit, and, in fact, what has been the price that the consumer has been paying?—I endeavoured to explain to the Committee, in a former answer, that, taking the returns which I was in the habit of receiving from all parts of Bengal, I do not remember ever hearing that the price of salt, in any part of Bengal, was higher than *Rs.* 4. 8. a maund.

3097. Would that be an increase of 25 per cent.?—Much less than that; it would be more than that upon the cost of the article, but much less than that upon the cost, plus the duty.

3098. Then you think on the whole that the people of India are being supplied with salt at a moderate price compared with the cost at which it was obtained from Government?—Yes, I think so.

3099. Are you aware that new supplies of salt have been obtained in any part of India; have there been new sources of supply brought into the market from India itself?—The North Western Provinces of the Punjaub are supplied with salt from the Sambhur Lake and from the Salt Range of the Punjaub Hills, and salt is also made in Scinde.

3100. And

3100. And have those increased supplies of salt had the effect of diminishing the cost to the consumer?—Not in Bengal, because they have never entered into the Bengal consumption.

3101. Mr. *Lyttelton.*] You have told us that this tax operates virtually as a poll tax; can you tell us why a tax which is obviously open to such objections, in theory at least, should be specially applicable to India?—Simply because the people do not pay indirect taxation in any other form.

3102. Can it be stated that the poorest classes of India pay less to the Government in respect of duties on necessaries than the poorest classes in England, for instance?—They pay absolutely nothing.

3103. Not in the shape of clothing?—No; the poorer classes of India do not buy clothes that pay duty.

3104. It is the fact, then, that this is the only way of reaching them?—Except, what is a very small exception, in regard to the duty upon spirits and drugs, the salt duty is the only indirect tax which the poor man in India pays.

3105. Spirits and drugs cannot be regarded, in India at least, as a necessary of life?—No, certainly not.

3106. You regard the tax as theoretically good in India; it is not one which you would take off supposing a large surplus were at the disposal of the Government?—It would be one of the last which I should take off.

3107. Even if reduced, you would always retain it as a source of revenue?—Certainly; it is the only means by which you can make the lower classes in India contribute to the expenses of the Government.

3108. If it is a virtual poll tax, in what way is it better than an actual poll tax?—It is collected with the greatest possible ease, and without the slightest oppression.

3109. Mr. *Fowler.*] I understood you to say in answer to Mr. Fawcett's question, that though the duty under the native princes was much less than it is under the British Government, yet it was farmed in a way which brought it up nearly to the amount at which it now stands?—That was a point on which I could not give any positive opinion at all; I said it was probable that the farmers derived great profit from the sale of the salt.

3110. But there is no accurate information to be had on the subject?—None whatever.

3111. Mr. *B. Denison.*] In the Finance Minister's financial statement for 1869–70, there occurs this paragraph: "The revision of the salt duties throughout India has engaged, and is still engaging our anxious consideration. The inequality in the rates of duty and the market prices of such an article as salt in different portions of the empire is indeed to be deplored. But though there are present obstacles, financial and other, in the way of equalization, we shall bear this steadily in view as an object for ultimate attainment. But after all, what the northern people want, even more than reduction of duty, is increased facility of supply, by the construction of railways to the saliferous tracts, and by the encouragement of local manufacture of salt, to all which matters immediate attention is being afforded." I suppose that that was very much your own view while you were in India, that it was an object to equalise as far as possible the selling price of salt, the cost to the consumer in different parts of the country, I mean as far as it depended upon the salt tax?—As I said before, we in Bengal always considered it a grievance that the salt in other parts of India was not so highly taxed or not nearly so highly taxed as our salt was; but at the same time I do not deny that there may be some local circumstances which would render it expedient not altogether to equalise the tax in all the provinces.

3112. Do you know what are the considerations which hitherto have prevented an approach to the equalisation of the salt duty in Bombay and Madras; has it been from Imperial considerations?—Entirely from local ones. The Government of India have repeatedly pressed upon the Governments of Bombay and Madras to enhance their duties, and have always been met with the strongest objections; and it has been in defiance of those objections, I believe, that the duty in Bombay and Madras has from time to time been raised to its present pitch.

3113. I find in a similar statement for 1870–71, the Finance Minister says, "The salt revenue has been taken at 6,177,370 *l.*, an amount considerably over that of the previous year, chiefly because the increased duty in Madras and Bombay (five annas per maund) is to operate for the whole of 1870–71." Then there has been, since you left India, some attempt at equalising the duties?—Yes; they are still far from equal.

3114. Was it ever in contemplation while you were in India, actually to equalise the duty for Madras and Bombay?—No, I think not.

3115. As a matter of Imperial finance, the revenue from salt in Madras is about 1,165,000 *l.* gross, and in Bombay 600,000 *l.*; therefore any increase upon the salt duties of those two presidencies such as you contemplate, would really not give any very considerable increase of revenue, because the total is about a million and a-half; and I think you said, in answer to one of the honourable Members, that you never at any time contemplated a larger increase on existing duties than two annas a maund?—That was speaking of Bengal; in Bengal that would give 10 lacs.

3116. You still think it quite feasible to raise the salt tax in the two Presidencies of Madras and Bombay?—I know no reason to the contrary.

3117. As regards the hardship of the tax which honourable Members have pressed upon you, would it not be right to say that in those districts of India where the salt tax and the price of salt perhaps is highest, the other necessaries or staples of life are somewhat lower than they are in the other parts of India?—That is certainly true in regard to Bengal, and I should think it most probable in regard to all parts of the country. Taking Calcutta as a centre, provisions are dearest at that centre, and gradually get cheaper as you radiate to the frontier in all directions. On the other hand, salt, which is cheapest at the centre, gets dearer as it gets to the circumference of the circle.

3118. Also down in the districts in which the means of communication are the worst, and the roads fewest, agricultural produce is sold at a very much lower price than elsewhere?—Yes.

3119. So that there is really a natural compensation in these things?—To that extent there is.

3120. And in no sense can it be said that at the present moment the salt duty presses to that

Sir C. Beadon, K.C.S.I.

2 May 1871.

degree on the population, that from Imperial reasons it ought to be reduced?—I am quite satisfied that in Bengal the tax upon salt does not press severely upon any class of the population.

3121. Mr. *J. B. Smith.*] Am I wrong in inferring from your evidence that you think that the outcry against the tax on salt has been very much exaggerated?—I think it has been very much exaggerated indeed.

3122. And in your opinion the burden of the salt tax has been very much diminished, first by the rise in the rate of wages, and secondly by the diminution in the cost of the conveyance of salt?—Yes.

3123. And therefore whatever the burden might have been in times past, it has been very much lessened from those causes recently?—Yes.

3124. Mr. *Grant Duff.*] The part of India of which you have been speaking from your own knowledge, the Lieutenant Governorship of Bengal, is a region larger than France, is it not?—Yes, considerably.

3125. About as large as the Austrian Empire?—It is about 200,000 square miles.

3126. As to all that vast region, you can say, of your own knowledge, that the salt tax does not act in any way oppressively?—I can say negatively that, as far as my knowledge goes (and I ought to have some knowledge of the circumstances of the province in all its parts), I do not believe that the salt tax presses heavily on any class of the population in any part of Bengal.

3127. And you would say, I suppose, with regard to Bengal, that the impression which prevails against the salt tax in some quarters in England, is a reflection from speeches of English orators of the last century?—I do not think that the opinion arises from anything that has ever been said by natives of India, by those who actually bear the burden of the salt tax; I do not think that the complaints which have been made against the salt tax have arisen in any way from any complaints made by the tax-payers themselves.

3128. And it results, from your evidence, that even in Bengal, where the tax is now considerable, you think that if the exigencies of the State require it, it might be increased moderately, without any approach to oppression?—I think so.

3129. *Chairman.*] What is your idea of a moderate increase in this tax in Bengal?—It is very difficult to give an opinion on that point.

3130. In using the phrase, "moderate," do you mean something like 5 per cent., or do you contemplate anything more as moderate?—I said, in reply to a question from an honourable Member, that I had contemplated an addition of two annas in the maund.

3131. But dealing with the finances of India, supposing that there was a deficit, what would you consider, in your view of moderation, a moderate increase of the salt duty in Bengal to make good the deficit?—Putting things at the worst, and supposing an absolute necessity for additional taxation, my belief is that you might increase the salt duty of Bengal by 25 per cent. of its present amount, without its being felt.

3132. Do you know whether on the inland frontier of any part of Bengal, except that which you have spoken of near the Madras coast, the foreign salt, so to speak, meets the Bengal salt and passes the frontier?—The salt from the Sambhur Lake, and other parts of Northern India, meets the Bengal salt at a point somewhere below Allahabad. Formerly in order to equalise the rates of duty between the North Western Provinces and Bengal there used to be a duty of four annas taken at Allahabad upon all north-western salt passing down into Bengal, in order that the consumption of the Bengal highly-taxed salt might not be interfered with below Allahabad. But that was taken off some years ago, and things are now left to their natural operation; and now, practically, I believe the Bengal salt finds its way up nearly to Benares.

3133. Then, passing round to the further frontier, do you protect yourself against the rock salt, from Malwa, by any differential duty?—No, there is no differential duty anywhere. The only means that we have to protect ourselves from the highly-taxed Madras salt, is the rude expedient of force, by a cordon of preventive officers.

3134. But supposing they wished to pass the salt across from Madras to Bengal at any point, do you prohibit it absolutely, or do you allow them to do it on paying any differential duty?—No, it is absolutely prohibited.

3135. Is that the case with reference to the Bombay salt?—I never heard of any Bombay salt finding its way to Bengal.

3136. But is there any law by which it is prohibited, or is it allowed to come on paying a differential duty?—I never heard of any Bombay salt finding its way to Bengal, except by sea.

3137. Is there any law on the subject by which it would pay a differential duty?—Bombay salt could not find its way to Bengal without passing either through the North Western Provinces, or through the Central Provinces, so that it would have to pay its differential duty before it got there.

3138. It would be treated then as liable to the full duty?—The question has never practically arisen in Bengal. You see all the Bombay salt that could possibly come by land to Bengal must pass either through the North Western Provinces, or through the Central Provinces. The difference might be taken there; but about that I know nothing. But we in Bengal have never even thought of dealing with Bombay salt, because it has always been considered impossible for the Bombay salt to find its way overland by reason of the distance.

3139. To go to the point of consumption, I think you stated that the duty amounts to 1*d.* a pound?—It is a fraction under 1*d.* a pound.

3140. And that the average consumption would be about a pound weight a month?—Yes.

3141. Therefore the charge would be 1*d.* a month on each individual?—A shilling a year.

3142. What do you consider to be the earnings of a family of five persons of the working class in Bengal per month?—It varies very much indeed. In the neighbourhood of Calcutta the people are very well off; the lowest order of people, the men who carry about earth on their heads, who are the lowest class of labourers, get 6 annas a day.

3143. That is in Calcutta, and in the surrounding districts?—Yes; near where any railways have penetrated, or any great public works have

been carried on, or any expenditure of money in large undertakings has been incurred, the wages are 6 annas a day.

3144. But what may be taken to be the earnings of a family for a month in the rural districts not affected by this sudden demand for hard or strong work?—I should say in the generality of the rural districts wages are not less than 4 annas a day, or 6 *d.* a day, that is 15 *s.* a month.

3145. That is the wages of a strong man, a full able-bodied man?—Yes, and women and children get half.

3146. Do you think that we may take the earnings of a family of five persons as being 8 annas?—A little over 1 *s.* a day, I think you may take it.

3147. Then it would seem that if a family is taken to consist of five people they would pay 5 *d.* a month salt duty, and they would earn 1 *s.* a day?—Yes; they would get 30 *s.* a month.

3148. That is your opinion of the ratio of the charge of the duty upon the working classes in Bengal?—Yes.

3149. Except those who live near their large cities and railway stations?—They would be better off; but still there is a large class of labourers, particularly in North Western Bengal; the Behar Province, who do not get such high wages as that; not more than 3 annas a day; you must cut off 25 per cent. from the earnings of a family of five in that case.

3150. Mr. *Fawcett.*] Am I not correct in supposing that in some parts of India, such as the north west, a labourer does not earn more than 3 *d.* a day?—I cannot speak about the north west.

3151. But you have known such cases, have you not, in the rural districts of Bengal?—Never.

3152. You have not heard it stated that a man earns less than 4½ *d.*?—Never less than that.

3153. If a man is married he may have a wife and three children who do not earn anything?—The wife generally earns something.

3154. But supposing the children are very young, it often happens that the mother cannot earn anything?—It may be so.

3155. Therefore this may occur, that a man, his wife and three children, have to live upon an income of 4½ *d.* a day, according to your own statement?—Yes, such things may happen.

3156. You stated in answer to a previous question, that whether people were poor or not they consumed about the same quantity of salt? On an average.

3157. And that that quantity was about 14 lbs. per head per year?—I said that that was the deduction from the quantity of salt sold, thrown over the population, but according to the inquiries made it is 12 lbs.

3158. Then that would represent a charge for five persons of about 60 *d.* a year?—Yes.

3159. A charge of a penny and a third a week?—Yes; but you must remember that where you have on your supposition three infants in the family who cannot work, they will not consume up to the average, or anything like it. The average in the case of such a family would be much less.

3160. At what age do children usually begin to work in India?—They begin about eight years old.

3161. You have said that possibly there might be an increase to the salt duty, as I understand you, under a case of severe emergency, of 25 per cent.; you have never contemplated, you say, an increase of more than 5 per cent., but if the money were absolutely required, you think it would bear an increase of 25 per cent.?—Yes, I think it would, without seriously diminishing the consumption.

3162. But that represents the limit of the increase?—I am not prepared without experience to say that.

3163. One chief reason, as I understand your evidence, in justification of the salt duty is, that that there is no other article of general consumption on which we could impose a tax?—Yes, that is one.

3164. And has one never been suggested?—Yes, tobacco has been suggested, but that would be only partial.

3165. But the condition of the people of India is such that there is no other indirect tax that could be imposed that would tax them all?—No.

3166. Therefore if we required increased revenue, we could not in India impose an indirect tax upon any other article of general consumption?—Except tobacco.

3167. If an indirect tax should ever be imposed on tobacco, what would it raise, not a considerable amount?—I cannot pretend to say; all sorts of estimates have been made.

3168. That is the only article on which such an indirect tax could be imposed?—The only one I can think of.

3169. Mr. *Birley.*] I suppose as a general rule where wages are lowest, that is to say, in the remote districts of Bengal, there salt is dearest?—Yes.

3170. *Chairman.*] In regard to your remark that the objection to the levying of the salt duty by Government was rather a reflection of opinion in England, do you recollect that the objections to the system that prevailed in Bengal chiefly arose from Cheshire, and that it was very strongly urged on the Government that it should give up this monopoly, and that if it did so there would be a considerable reduction in the cost of salt, and that the Government in India very steadily resisted that, and said that it was one of those complaints that came from England and had no foundation, but the result would seem to show that the objections that arose in England were very well founded, and that everything that was predicted has happened, and in consequence of the change that was made there has been a reduction in the price of salt of 50 per cent.?—The Government for a long time resisted the abolition of the Government manufacturer upon various grounds; I think the chief ground, perhaps, was a ground, which of course now-a-days is not tenable, but which had a great deal to justify it; they felt that it would be a great injury to the local manufacturer.

3171. Then they looked upon it as a question of protection to the local manufacturer?—It was always a matter of indifference to the Government whether they got their duty upon the import of foreign salt, or by adding to it the cost price of the salt they made themselves. Speaking financially merely, they never had an interest as a Government in keeping up the manufacture; the only object they had in keeping up the manufacture was to give employment to the people on the coast, who were employed on it.

Sir *C. Beadon*, K.C.S.I.

2 May 1871.

3172. It never occurred in that case to the people of India to complain, although they were paying 50 per cent. more for their salt than they need do?—No, they were not paying 50 per cent. more for their salt than they need do, because they never could distinguish between the duty and the cost price; they were only paying some 5 per cent. more than they need do, and than they do now.

3173. I mean 50 per cent. more than the actual cost; they were paying that, but they did not discover it?—No, they were not likely to discover it.

3174. That would afford rather a strong argument for saying that the complaints made by intelligent people in this country are rather deserving of consideration, if they then resulted in the Government giving a reduction of 50 per per cent. on a first necessary of life, as the people of Cheshire pointed out that they might do?—But the Government were always aware of that; I think that the Government doubted the ability of the people of Cheshire to supply salt to Bengal, and thought that if the home manufacture were discontinued there might be a dearth.

3175. That has not taken place?—No, it has not, but the commerce of India was not so great then as it is now.

3176. Can you tell me whether any of the Bengal salt passes into native states and is then consumed, that is, states that do not form part of the general Government of India or of Bengal?—Yes; I think probably a small quantity may go into Nepal.

3177. Is there any drawback allowed on what goes into those states?—None whatever.

3178. Do any native states send salt into Bengal, of any kind?—No, none.

3179. Then, in point of fact, you also tax the inhabitants of the native states to the amount of the duty?—Certainly, if they consume it.

3180. Mr. *Dickinson.*] Has Nepal any frontier duty?—Not that I know of.

3181. Mr. *Lyttelton.*] Is the local manufacture recovering its former position?—To a small extent.

3182. You regard the foreign supply as the chief one for the future?—Yes; in 1868–69 there were 6,000,000 maunds imported by sea, and only 91,000 maunds made under excise.

3183. Mr. *B. Denison.*] You have said that with the exception of the excise on spirits and drugs, the salt tax, speaking generally, is really the only tax which the poorer British subjects in India pay?—Yes.

3184. As regards the hardship or the contrary of the salt tax under the native governments, there were all sorts of vexatious imposts which the natives were subject to?—Yes.

3185. Which have been all swept away?—Yes; there were taxes upon everything.

3186. So that in fact this salt tax does stand in the place of a great variety of vexatious imposts which the natives were subject to under former governments?—I am not sure that it is correct to say that it stands in their place, but whereas they did not pay such a heavy salt tax under the native governments, they paid instead all kinds of vexatious imposts.

3187. *Chairman.*] Will you explain one circumstance: seeing that the salt is manufactured so cheaply in Bombay that it can be imported to Calcutta and sold there, what is it that enables the natives of Bengal to pay such a much higher duty on the salt than the natives of Bombay seem able to pay?—But my position is that they cannot; that the Bombay people ought to pay as much.

3188. You may remember that the Bombay people made a great outcry, and indeed a riot, when there was an increase of the duty on salt?—They showed an ignorant impatience of taxation.

3189. They were not ignorant of the incidence of the tax on themselves?—No.

3190. Do you see in the circumstances of the people of Bengal any peculiarity which enables them to bear it, while the people in Bombay cannot?—Certainly not. In reference to Bombay, I believe that the agricultural classes in Bombay are just as well off, if not better, than those in Bengal.

3191. Do you think it is due to the fact that the Bengal people live very much on rice, and that rice is very much cheaper as an article of food in Bengal than it is in Bombay?—I cannot say.

3192. Do you think that if you put the two items together, the principal food and salt at Bombay, and the rice and salt in Bengal, and compared the two, the Bengalee would still be better off?—I do not think so; the cost of the salt which a man eats with his food is so very small in proportion to the cost of the food itself, even when that food is of the cheapest, that I doubt whether the nature of the food would affect the quantity of the salt consumed.

3193. Then perhaps the discontent in Bombay might be attributed to the fact that the salt was used very much for curing fish, and therefore was an article for manufacture rather than for consumption?—I do not know to what extent it is used for that purpose.

3194. Passing now from salt, are you also very conversant with the arrangements of Government for raising the revenue from opium in Bengal?—Yes; I know just as much about it as I know about salt.

3195. Has the existing mode of raising the revenue from opium been in force for a very long time in Bengal?—Yes, almost ever since the commencement of our rule in Bengal.

3196. You know generally what has been the course of that production for a long series of years?—Yes.

3197. You know that the production of opium in Bengal has been gradually growing for a number of years?—Yes.

3198. Will you state, in the first instance, as the system has been the same, what is the system generally under which this revenue is collected, and the administration under which it is collected?—I will endeavour to be as brief as possible. The Government have established two agencies, one at Patna and the other at Ghazeepore, which are usually called the Behar agency and the Benares agency, the head-quarters of the one being at Patna, and of the other at Ghazeepore; each agency is divided into sub-agencies, which may be either co-terminous with the ordinary administrative districts, or sometimes there are two, three, or four sub-agencies in one district. The Behar agency includes all the districts of the Province of Behar, and also a portion of Chota Nagpore; and the Benares agency includes the districts of the Benares division; part of the Allahabad division, and Oude. Under the

the sub-agents are native establishments, whose business it is to look after the cultivation.

3199. In what mode is the land then selected for cultivation?—When any ryot wishes to cultivate opium he goes to the sub-agent and asks to have his name registered, his land measured, and to get a cultivation license, and the usual advance. The sub-agent makes inquiries, ascertains that the man is really *bonâ fide* an owner of land which he proposes to cultivate with opium, has the land measured, and then makes the advance upon the security of the person himself to whom the advance is made and his fellow villagers. The advance is made shortly before the sowing season. The ryot then sows his land, and when the plant is above ground the land is then measured by one of the native establishments, and if the ryot has sown all that he engaged to sow, he gets a second advance; if he has not sown so much, he gets something less in proportion, or if more he gets a little more. There is a sort of rough settlement at the second advance. Nothing further takes place till the crop is ripe for gathering; and when the ryot has gathered the crop he collects it in vessels and takes it to the sub-agent's office; there he delivers it to the sub-agent as the agent of the Government, and receives the full price for it, subject to further adjustment, when the opium has been weighed and tested and examined at the agent's factory. The opium is then collected at the sub-ageney and forwarded to the factory; there it is exposed for a considerable time in large masonry tanks; it is reduced to a uniform consistency, and made fit for the market, some for home consumption and some for sale in Calcutta for exportation, the greater quantity for exportation. It is then packed in cases and sent to Calcutta, and in Calcutta it is sold by auction at periodical sales and exported by merchants for consumption abroad.

3200. What is the relation of the ryot to the landlord; are all the cultivators under zemindars?—There may be a few who cultivate their own, what we may call freeholds; but the great majority of them are in the condition of ryots, who pay rent to a zemindar.

3201. With that the Government has no concern?—Nothing whatever. The Government does not ask what right a man has to his land; all they look to is the fact of occupancy and the fact of the man being able to fulfil his engagements.

3202. But supposing that he does not pay his rent to the zemindar, what becomes of the crop then?—There are some special regulations which prevent the landlord from touching the opium crop; it is exempt from the ordinary law of distress.

3203. So that the growing crop is, as it were, mortgaged to the Government for the advances in the first instance?—Yes; instead of being mortgaged to the landlord it is mortgaged to the Government.

3204. And they are entitled to be paid before anyone else can be paid?—Yes.

3205. Is there any regulation by which the Government limit the extent of the land so cultivated, or do they always accede to every request?—It is limited according to the financial needs of the Government; it is limited entirely upon Imperial considerations. The Government of India, theoretically at least, if not practically, decide how much opium they will bring to market; and of course upon that depends the quantity of land that they will put under cultivation and make advances for.

3206. The produce per acre being well known by long experience, the applications that are acceded to are limited by the estimate of the quantity required?—Yes; on an average.

3207. On an average of the season?—On an average of many seasons.

3208. Are the districts that are so cultivated with opium, in large blocks close together, or are they much scattered?—The villages are very much scattered; the cultivation is scattered all over the districts in which it prevails; but in particular villages it is generally all those lands immediately contiguous to the homesteads as being generally higher, less liable to inundations, and more easily irrigated, and also more cheaply and easily manured.

3209. Is it always necessary to irrigate the crop to bring it through?—Yes, except in some of the most northern districts.

3210. Are great precautions taken to prevent any person cultivating the land with opium without a license?—It is absolutely prohibited.

3211. But is there great supervision required to prevent people from cultivating without a license?—There is an establishment of native officers employed under the sub-agent whose business it is to go round the district, and measure the opium lands in the different villages.

3212. It is a crop that is very easily distinguished, and it takes a long time to mature, does it not, till the opium is gathered?—Yes, it is a crop that takes a great deal of labour and a great deal of preparation, so that the lands on which the poppy is sown are identifiable from the first sowing; the cultivation cannot possibly be concealed.

3213. So that you have no reason to suppose that there is any illicit cultivation?—There is no illicit cultivation at all.

3214. Do you suppose there is much room for fraud being practised on the Government in the collection of the opium itself?—I think that some small quantity of opium, not much, finds its way from the hands of the producers into the hands of consumers, and perhaps the producers consume some of it themselves.

3215. I suppose they always keep some for their own consumption; they are not all opium eaters, but such as are do not hesitate to retain some for their own use?—It is extremely difficult, if not impossible, to find that out, but on the whole very little is diverted from the Government, and the Government only pays, of course, for what it receives.

3216. Do you think that to any considerable extent, or to a small extent, the opium is manufactured privately from the growth, and sold privately?—The manufacture is entirely in the hands of the people who grow it.

3217. I mean whether they manufacture it to any considerable extent for purposes of sale?—No, to no considerable extent. There is a certain amount of smuggling, but it is insignificant compared with the whole quantity.

3218. Are there many detections of smuggling in the course of the year?—Yes; in the producing districts the facilities for the abstraction of opium made by the ryots themselves are so great that the Government hardly attempts to prevent it; what they do is to sell opium for consumption in those districts at a price a little above the

Sir C. Beadon, K.C.S.I.

2 May 1871.

prime cost, and they encourage the people instead of consuming the opium which they have cultivated, to send all that opium in to the Government for sale, and to consume this opium, which is at their disposal at a fixed price.

3219. Then that which the Government sell is properly manufactured for keeping and for consumption?—Yes, a part of what is called the Abkarry opium.

3220. Is there any reason to suppose that that opium is all consumed in the district, and none of it sent away for export?—The quantity sold by the Government in the producing districts is very small indeed.

3221. Is the money that is advanced always repaid at the end of the year, or have the Government many losses in ultimately adjusting with the cultivators?—The advances in the two agencies are upwards of 2,000,000 *l.* sterling a year; and I do not know what may have been the case the last two or three years, but when I was in Bengal the remissions amounted to some 200 rupees or 300 rupees, so popular is the cultivation and so punctual are the ryots in discharging their obligations.

3222. And is that the case throughout all seasons, good and bad?—There may be some difference, but generally speaking the ryots have no difficulty in fulfilling their engagements.

3223. So that on the whole the revenue is very surely collected from this branch?—Very surely collected.

3224. And without loss?—Yes.

3225. Are you aware that under this system the number of chests increased from, in 1829–30, 7,565 chests, to, in 1853–54, 53,321 chests?—Yes.

3226. In the first period the cost per chest to the Government was 291 rupees, and in the second period the cost per chest was 281 rupees?—Yes.

3227. And the gross revenue was 1,250,000 *l.* in the first period, and in the other period 3,920,000 *l.*?—Yes.

3228. And the net revenue was 1,030,000 *l.* in the first period, and in the other period 2,420,000 *l.*?—Yes.

3229. There was a steady increase from the first period down to the last?—Yes.

3230. Did any alteration take place in the size of the chests?—I do not think there has been any alteration from the earliest times.

3231. As this production increased I think the price steadily went down. The price in 1829 was 165 *l.* a chest, and in 1853 it had diminished down to 73 *l.* a chest?—Yes.

3232. Therefore, as the quantity increased, so did the price diminish to one-half?—Yes.

3233. You are aware that, from 1853 downwards, to 1858–59, there was a steady decrease, or rather a very rapid decrease, in the production?—Yes.

3234. And that, in 1858–59, it reached the minimum production again of 21,357 chests?—Yes.

3235. But that the price, however, rose to 163 *l.* a chest, and that the gross revenue was 4,450,000 *l.*, and the net revenue was 3,600,000 *l.*?—Yes.

3236. Can you explain to the Committee what were the circumstances under which the production of the opium diminished and the price rose?—Yes. Consequent upon that great increase of production and reduction in price, some diminution in the price paid to the cultivators was determined upon. I cannot recollect precisely what it was, but I think very likely it may be stated in that return before you. There was some diminution of price paid to the cultivator, so much a seer being paid to the cultivators for their opium. That of itself restricted the cultivation, and the Government being themselves anxious to restrict the cultivation gave up some of the outlying sub-agencies. There was an agency at Futtehgur, in the North West Provinces, and an agency at Oude, and at Allahabad. I think all those three agencies were given up. There was no agency at Poorneah, in Bengal; that was given up; and an agency at Chota-Nagpore was also given up. The result of these measures, together with the general growth in the price of agricultural produce which followed the Russian war, combined to reduce the cultivation until it fell to such an extent that, in 1858–59, the produce was only a little over 21,000 chests.

3237. Then previous to these measures, the increase which I have described was due to the gradual development of the cultivation to meet the demand at Calcutta for opium?—Yes. It was thought in those days that the more opium you made the more revenue you would get, but the result of the year 1853 showed the Government that there was a point beyond which it was not profitable to go, and that if you exceeded a certain quantity of opium, the price in China would fall so low that it would affect your net revenue.

3238. The revenue in that view being, of course, the difference between the sum that you pay and what you can get for it in Calcutta?—Yes. The cost of producing the opium is pretty nearly constant. Then the difference between the cost and what you realise in Calcutta is, in fact, your duty, or your profit, or whatever you like to call it; but it depends, of course, upon the prices in China; and if you overstock the market in China by suddenly increasing the provision, as they did in those days, from 30,000 to 50,000 chests, there will inevitably be a sudden depreciation.

3239. Do the public of Calcutta know what is the out-turn of the season before the sales for the year begin?—That is a very important question which I should like to answer at some length. Up to 1865 the Government always brought to sale in each year the quantity produced in that year, and it was always advertised to the public some time before the sales began; but it was impossible for the public or the Government or any body else to know a year beforehand how many chests there would be for sale the year after; that could not be known until the whole crop was gathered and manufactured into marketable opium and packed in chests; and when the Government knew what number of chests it would have to bring forward for sale in the following year, it notified the same to the public, and from that notification no deviation was ever made. Well, just before 1865 a similar collapse had taken place to that which was just now described as having taken place in 1853. When the Government discovered that in 1858 the production had gone down to 21,000 chests, and was threatened to go down still further, it became alarmed and saw the necessity of doing something. It then saw that although the price in 1859–60 increased to 2,000 rupees a chest, still the larger amount of profit got upon the smaller number of chests

chests was not sufficient to compensate them for the more moderate profit which they lost upon the larger number of chests; they therefore resolved to push the cultivation, by every possible means and restore it to what it was before the fall took place; accordingly in 1860-61 the price was raised to 4 rupees a seer, a seer being two pounds, that is, 4 *s.* a pound; and in the following year it was raised to 5 *s.* a pound.

3240. You mean the price paid to the cultivator?—Yes; under the operation of that great stimulus, raising the price from *Rs.* 3. 8. a seer to five rupees a seer, the cultivation increased rapidly, and the produce rose to 29,000 chests in 1860-61, to 39,000 chests in 1861-62, to 49,000 chests in 1862-63, and to 64,000 chests in 1863-64. Then it became apparent (and it devolved upon me at the time, being Lieutenant Governor of Bengal, to bring the matter to the notice of the Government) that some change was necessary. I may first mention that this enormous increase of produce was followed by a corresponding reduction in the price, and a loss in the revenue, and it was then pointed out to the Government of India that in order to remove one element, and the most important element, of uncertainty from the opium revenue, it was absolutely necessary that they should bring forward every year for sale, not the quantity of opium that happened to be grown in that year, but a fixed quantity which should not vary from year to year, and which should be supplemented by a reserve of opium, a certain number of chests of opium, so that in case of a short crop the deficiency might be supplied, and the figure at which it was proposed to fix the sale was put at 48,000 chests; that, after inquiry, was considered to be about the quantity which the China market would take off without, on the one hand, reducing the price so far as to affect the revenue derived by the Government from the export duty upon the Bombay opium; and, on the other hand, it was considered that the price would not be so high as to encourage the importation into China of opium from other countries, or the manufacture of home-grown opium in China itself. And it was also pretty clearly shown that according to the data then existing 1,200 rupees a chest in Calcutta, which was about the price that might be expected on a provision of 48,000 chests, was really that point at which the net revenue would stand at the highest; it would not be affected injuriously by the lowness of price in China on the one hand, nor would the Government lose on the other by the loss of Bombay opium in consequence of its being less than 1,200 rupees.

3241. Then from that time it has been generally known what is the quantity to be sold?—Yes; that took place in 1865; the matter has been undergoing discussion since, but that has to a certain extent been acted upon, and in 1869 the arrangement was formally sanctioned by the Secretary of State for India.

3242. Have you got the opium account for 1868-69?—No, I have only got the local accounts of the agencies for 1869-70; the general account has not been sent home.

3243. Can you give the result of the operations for 1868-69?—Only in the price. In 1868-69 the total gross receipts for opium in Bengal were 6,622,255 *l.*, and the total charges were 1,717,746 *l.*, the net revenue being 4,904,500 *l.*

3244. The sale price in that year in Calcutta, I think, was 137 *l.* a chest?—Yes.

3245. Therefore it would seem that the arrangement which you have mentioned was very successful in that year?—I think so.

3246. Has that, as far as you know, been continued up to the present time?—I think not; I think the Government have deviated from it this year.

3247. Do you know in what respect?—They have ordered the sale of 52,000 chests instead of 48,000 for the year 1871.

3248. Have you the accounts for the year 1869-70 of the Bengal opium?—No; it is not available.

3249. It would seem from the accounts presented for 1869-70 that the gross receipts for opium in Bengal were 5,594,000, and that the charges of collection and cultivation were 1,817,000 *l.*, and the net receipts were 3,776,000 *l.* The charges paid for a chest of opium would seem to have been steadily rising since the period that you have mentioned of the depression of the cultivation?—No. In 1865 it was again reduced from 5 rupees to *Rs.* 4. 8. At the same time that it was determined to sell 48,000 chests every year the Government again reduced the price to *Rs.* 4. 8. the seer.

3250. And it has remained at that?—It has remained at that ever since, and the cultivation now remains steady.

3251. To what do you ascribe the great reduction in the opium revenue for 1869-70 as compared with 1868-69?—There are two reasons. One is that there was an unexpected fall in the price of opium in China, and I have not yet heard that anybody has been able to give a satisfactory account of the cause of that, but that the price did fall in China, and consequently in Calcutta, there is no doubt. It was supposed to have arisen from a large extension of cultivation in China, but that seems to be contradicted by the fact that this year prices have resumed their former figure.

3252. It did not arise from any apprehension that the Government intended to increase its produce in the ensuing year?—I do not think so, because they certainly had no such intention then.

3253. Is it your opinion that if the system which you have lastly described is maintained, the revenue from the Bengal opium would be maintained at the existing rate?—I think that the opium revenue must always depend upon the prices in China, and they must depend in a great measure upon circumstances altogether beyond the control of the Government; but I think it is in the power of the Government to remove one element of uncertainty in the opium revenue, and that is by offering for sale as nearly as possible the same quantity every year.

3254. Do the Government offer it at an upset price?—Yes, they do, nominally.

3255. I presume ultimately they must sell it for what it will fetch?—The contingency of its being sold at the upset price has never happened; the upset price is 400 rupees a chest, but the first bid is always double that.

3256. Then it is practically not selling it with any immediate prospect of revenue?—No; the reason why the 400 rupees is put upon it is that it just covers the expense of bringing it to Calcutta.

3257. Therefore, practically, they get exactly

Sir *C. Beadon*, K.C.S.I.

2 May 1871.

the revenue that the public are prepared to give?—Yes.

3258. And they do not hold it back for the purpose of obtaining revenue?—Such a thing has never been done.

3259. Nor have chests been held back, except for the purpose that you have mentioned of equalising the amount exported?—No.

3260. The stock which they now keep would be merely for the purpose of keeping the quantity sold one year with another equal?—For no other reason.

3261. But do you think that the plan which you have proposed offers a temptation to the Government of India to increase the quantity it produces, even if they think they can keep up the price?—I think the interest of the Government, the public interests, will lead the Government to adhere to that rule; a desire to get the largest amount of revenue.

3262. But might not an unskilful speculator think that he might possibly increase the 48,000 chests and still keep up the price?—Well, I do not pretend to know the reason, but that has been done this year; the amount has been raised from 48,000 to 52,000 chests.

3263. But do you know of any legitimate grounds of speculation for raising it to that extent?—No, I do not. I do not in the least know the reasons.

3264. Did the Government take any measures to inform themselves of the possible state of affairs in China to regulate the quantity?—It may possibly have arisen from some information which the Government obtained as to the price of opium in China, and the extension of cultivation there; but I have no certain knowledge on that point.

3265. Mr. *Baring.*] I do not quite understand the grounds upon which you think the best plan to follow is only to keep a certain amount every year?—Simply this, that it removes one element of uncertainty in the price of opium, and consequently in the amount of revenue which the Government can derive from it year by year. Half the complaints that we hear about Indian budgets and Indian finance arise from the impossibility of forecasting what the result of the opium revenue will be; and with a view to prevent that, and to give more stability to the finances in the matter of opium, it seems to me that it is a great object on the part of the Government to remove that one element of uncertainty, which is within their own power, and to bring forward every year as nearly as possible the same quantity of opium, merely providing for a gradual increase so as to meet the natural expansion of the trade.

3266. But I understood you to say that the price depended very much upon the demand in China, which was uncertain?—Yes; but one reason that makes the demand uncertain in China is the varying quantity of opium brought into the market by the Government in Calcutta, because if 60,000 chests have to be taken to China instead of 40,000, and have also to be sold to the Chinese, the Chinese of course will not give the same amount per chest for those 60,000, or anything like it, that they would give per chest for the 40,000 chests.

3267. But would not the power of consumption in China vary?—The power of consumption varies, but not at the same price; it affects the price. The whole of the opium is consumed, but people will not pay so much for it.

3268. But I should have thought that supposing the Chinese were to be very prosperous, and to be able to consume more opium one year than another, if the supply is regulated according to that demand, that would be the proper method of meeting it?—That is exactly the object which this arrangement had in view, to ascertain what was the demand, what amount could be taken off at a fair price, that is to say, what was considered a fair price; that price which would produce the largest amount of net revenue, and what the demand in China would be at that rate, and then to satisfy that demand in a regular way; because naturally the demand would not vary from year to year unless it was greatly stimulated by a reduction of price.

3269. But to India it would be the same, would it not, if they produced more and sold it at a lower price, or if they produced less and sold it at a price in proportion?—Well, it is found by experience that after the year's provision exceeds a certain point the Government lose more by reduction of price than they gain by the increase in quality of the article sold; that is a matter of experience.

3270. Is there no other opium that comes into competition with this in China?—Yes, there is a very considerable growth, and I believe an increasing growth of opium in China itself. I believe it is strictly prohibited by edicts from the emperor, but that those edicts are very much disregarded; they are, in fact, very little better than waste paper; and from all the accounts that we have, the production of opium in China is increasing, and has become very considerable.

3271. Turkey opium is not consumed now to any extent, I think, in China?—I have not heard of any Turkey opium being sent now to China, but there is a considerable export of Persian opium into China.

3272. If India limits its production, will not that give a stimulus to the production of China?—That is what I have said, that the Government must keep down its prices to a point which will not encourage either the growth of opium in China, or the importation of opium from foreign countries. But you see there is another consideration that in this matter the Government has to take hold of; they impose upon the Bombay opium a duty of 600 rupees a chest, and according to the accounts which we have, it costs between 500 and 600 rupees to bring the Bombay opium to market at Bombay; and therefore if our price in Bengal is very much less than 1,200 rupees a chest, we cannot continue to levy a duty of 600 rupees a chest upon the Bombay opium. Therefore, if it is shown that 1,200 rupees a chest is too high a price to be paid for Bengal opium, and that with such a price it will be under-sold in China by foreign opium, or by home grown opium, then the first step that the Government must take is to take 100 or 200 rupees, or whatever it may be off the Bombay duty, then it can afford to sell the Bengal opium at a lower price, but, of course, with some loss of revenue.

3273. The result is that you think the present system the safest and most productive for the purposes of the Government?—You mean the system of regulating sales. I think so. Perhaps I naturally think so, because it is my own.

3274. *Chairman.*]

3274. *Chairman.*] Can you tell us with reference to the effect of the sales in China on the prices in Bengal, when is the first sale for the season in Calcutta, and when is the first re-sale of the season in China?—The first sale of the season in Bengal is in January.

3275. When is the first re-sale of the opium in China which fixes the price of the opium in China?—Within a very few weeks; three weeks or a month.

3276. Mr. *Baring.*] That is done by private persons?—Entirely. But the people in China know how much opium the Government are going to bring into the market long before the first sale takes place.

3277. *Chairman.*] When is the second sale in Bengal?—In February. There is one every month. Most of the sales which are made in Calcutta are made on commission, under orders from China.

3278. They are governed by the price which has been established in the beginning of the season, in China, on the re-sales?—Yes, chiefly so, I imagine.

3279. And on the price immediately before, in fact, in anticipation of the sales?—Yes.

3280. Therefore the price in China has an immediate action on the sales in Calcutta?—Yes, it has; but the prices are influenced by other things too.

3281. What other things?—Well, it is largely used as a medium of exchange. It is the only way by which merchants can pay for their tea; they must pay for their tea and silk in Indian opium; so that exchanges affect the value of opium in Calcutta.

3282. That is to say, the rate of exchange is taken into account in fixing the relative price in Calcutta and China?—Yes, very much. I have known instances of prices in Calcutta being higher than the nominal prices in China, and leaving no margin for profit, one of the chief reasons of that being that the opium is used as a means of remittance, and that more can be made in that way than by taking bills. Then, too, the holders of Bombay opium, in Bombay, find it worth their while to bid up the opium, in Calcutta, to a price above its real value, in order to maintain the price of stocks at Bombay, particularly now that the two are connected by telegraph; the prices in Bombay and Bengal hang upon one another.

3283. The quantity sold at any monthly sale being such that individuals can materially influence the price by speculative biddings?—Yes.

3284. And are there cases where they have greatly enhanced or affected the price by purely speculative biddings?—Yes; it is one of those operations from which the Government always derives immediate advantage, that is they never bid below the value, but they very often bid above it.

3285. It is the great staple in which the natives in the commercial classes of India gratify their appetite for gambling, is it not?—Yes, to a very large extent.

3286. And that to some extent influences the price?—Yes.

3287. Mr. *Cave.*] Do they buy opium in anticipation of the sale without knowing what the quantity offered will be?—No, they never begin their speculative biddings until the amount to be sold is made known, and the Government makes known the quantity to be sold months before the first sale takes place. For instance the announcement of the quantity to be sold in 1871 was made as far back as April 1870.

3288. Then there is no undertaking by speculators to deliver a certain quantity which they may not be able to deliver by a certain time?—A man will undertake in the month of June to deliver so many chests in January; whether he gets them or not he pays the difference.

3289. That is quite independent of the Government?—Yes.

3290. Do you say that the opium is used as a means of barter in China?—No; simply as a means of remittance to cover bills.

3291. For the payment of tea principally?—Yes.

3292. Sir *C. Wingfield.*] Can you state what the total value of the opium sold in the districts for what is called district consumption is?—Yes, I can. I will take the year 1868–69; that is the latest I have; I cannot give you the number of chests, but I can tell you what the value of it is. The proceeds from the sale of Abkari opium in 1868–69 was 31 lacs and 25,000 rupees, and the cost of the opium and contingencies, and all other charges upon it, were 10 lacs and 25,000 rupees; so that the Government made a profit upon the sale of that Abkari opium of 21 lacs of rupees.

3293. But after all 30 lacs, 300,000 *l.*, represents the value of that proportion of the opium that is consumed by the people of India?—Yes.

3294. The rest all comes from a foreign people?—All the rest of the revenue comes entirely from the Chinese; it is paid by them.

3295. Is it never sold in smaller portions than a chest for exportation, is it?—No; in the districts it is sold in minute quantities.

3296. Do you not think that that is a very remarkable fact; it shows at all events that the Government system and manner of dealing with opium cannot be said to stimulate the consumption of a deleterious drug in India?—Yes; I do not know that it was ever so asserted.

3297. It has been repeatedly said in this country that it is demoralising to the natives of India?—That has been said as to China.

3298. I thought it was always a great set-off to the system that it had precisely the opposite effect, and that it diminished the use of the drug in India?—So it does, in so far as the price the Government puts upon the opium can do so.

3219. And so far that the free cultivation is not permitted; if the free cultivation were permitted it would be impossible then to prevent private sale in the country?—Yes.

3300. Do you recollect that that is what precisely did happen on the annexation of Oude. We found the opium grown in the country; the Government would not interfere with the people growing the opium, but they said that they must take it to certain contractors who held a contract from the Government, and sell it to them and them only; but the contractors found that it was utterly impossible to enforce this condition, and the opium was sold in the country. You may not recollect that, but cannot you imagine that it would be so?—Yes.

3301–2. You said, did you not, that the cost to the Government is 400 rupees a chest to manufacture it and bring it down to Calcutta?—It varies; it is about that.

3303. But I think that I have seen it put at

Sir *C. Beadon*, K.C.S.I.

2 May, 1871.

about 450 rupees lately?—No, it is not so high now as when the price paid to the cultivator was five rupees; the price paid to the cultivator now is only *Rs.* 4. 8., and therefore the cost per chest has decreased also.

3304. This system by which Government makes these advances leads to a great deal of money being circulated in a district, does it not?—Certainly.

3305. And that must be very conducive to the prosperity of the district?—Yes, it is.

3306. And have you heard that in the settlements in the North Western Provinces, in some districts, the amount of land revenue that you could assess has been very materially influenced by the prevalence of the opium cultivation in the district?—Yes.

3307. Have you heard it said that the great rise in wealth and prosperity, and the increase in the assessment of the district of Goruckpore has been very mainly owing to the great cultivation of opium there, and the large sum always lying out in advances?—Yes; and that is the case with all the districts in which opium is grown.

3308. And in fact it is possible that if the cultivation is put a stop to in some of those districts where it is now being carried on to a very great extent, the effect would be perceptible in the collection of the land revenue?—Undoubtedly it would; the advances in the Behar division on account of opium are considerably in excess of the land revenue of the division.

3309. And that money is practically lying out without interest; I mean that the people are getting the advantage of all that money circulating in the district without interest?—Yes; I may add for the information of the Committee, that practically it has come to this, that the payment of the land revenue depends at certain seasons of the year upon the opium advances, and that until the opium advances are made, instalments of revenue cannot be paid by the Treasury. And that was brought to light in a very remarkable instance during the mutiny in the district of Goruckpore. The collector of Goruckpore received an order from the Government of India, at the instigation of the military authorities, not on any account to pay any money out of his treasury, except on the requisition of the military officer commanding the troops in the district; all the money he had in his treasury was to be reserved for military purposes. Immediately after the opium agent applied to the collector for the usual money for advances. The collector was obliged to reply, that he was prohibited by the order of the Government from giving any money for the opium advances. The consequence was, that the opium advances could not be made. Thereupon the people who were to receive these advances, and who were themselves the payers of revenue to Government, went to the collector's office and said that they could not pay their land revenue. So that the whole thing went in a circle; and the collector could not receive his land revenue to pay his troops.

3310. In what year was that circumstance that you have referred to, because I was there in 1858 myself?—It was somewhere about that time that I heard the story told; it may have been Azimgurgh; I am not quite sure as to whether it was Goruckpore or Azimgurgh; it was one of those districts.

3311. Therefore we may safely say that the effect of putting a stop to the opium cultivation would be felt in the collection of the land revenue?—Yes.

3312. *Chairman.*] Can you state what is the value of the produce per acre of opium cultivation?—I can tell you what the average production per beegah is. The beegahs vary so much, they vary in the different parts of the agency so much that you cannot make any correct calculation; but in a very rough way you may say that a beegah is three-fifths of an acre. In Bengal three beegahs go to an acre; in Behar and and Benares it is about a beegah and two-fifths that go to an acre; in 1858–59 the produce was three and a-half seers per beegah; in 1859–60 it was three and one-tenth seers; in 1860–61 it was five and a-half seers; in 1861–62 it was four and one-tenth seers; in 1862–63 it was five seers; in 1863–64 it was five and one-tenth seers (when I say a tenth, I mean 5 decimal point 1, and something beyond that); in 1864–65 it was four and four-fifths seers; and in 1865–66 it was five and one-tenth seers.

3313. And the cultivators get *Rs.* 4. 8. a seer?—Yes; and you may say that on a long series of years the average is about four and a-half seers a beegah, so that if you multiplied the seers by *Rs.* 4. 8. that would give you the amount per beegah.

Friday, 5th May 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Eastwick.
Mr. Baring.	Sir James Elphinstone.
Sir Thomas Bazley.	Mr. Fawcett.
Mr. Beach.	Mr. Robert Fowler.
Mr. Birley.	Sir Wilfrid Lawson.
Mr. Bourke.	Mr. Lyttelton.
Mr. Candlish.	Mr. M'Clure.
Mr. Cave.	Mr. J. B. Smith.
Mr. Beckett Denison.	Sir David Wedderburn.
Mr. Grant Duff.	Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Sir CECIL BEADON, K.C.S.I., re-called; and further Examined.

Sir *C. Beadon*, K.C.S.I.

5 May 1871.

3314. Sir *C. Wingfield.*] You have, no doubt, considered the question which has been so often discussed in India, whether an export duty should be substituted for the present Bengal system of the cultivation of opium on account of Government, and sale by auction?—Yes.

3315. What is your opinion on that question in regard to the effects on the revenue —If you impose the same amount of duty upon Bengal opium that you impose upon Bombay opium, and if you could realise it in Bengal with the same facility with which it is realised at Bombay, the financial effect would be to relinquish the difference between that amount of duty and the profit which is now obtained by the sale of the opium, and which I suppose, roughly, may be put at about 200 or 250 rupees a chest.

3316. But that is assuming that the same quantity of opium would be grown as is grown now?—Yes, assuming that also.

3317. But do you think that the cultivation would fall off greatly if the present system of growing it under advances were stopped?—Certainly it would, at first.

3318. You are aware that in regard to Malwa, where nearly all the opium brought to Bombay on which an export duty is levied is grown, the advances to the cultivators are made by Bombay merchants?—So I understand.

3319. Do you think that the merchants of Calcutta would take the place of the Bombay merchants in regard to the opium in Bengal?—I should think it very probable that they might; the profit would be quite sufficient to tempt persons with capital to enter into the trade.

3320. At first probably there would be a falling off in production if the present system were discontinued?—I think it most probable that there would be. It would take some time before capitalists could be prepared to enter upon such very large transactions as those involved in the manufacture of from 40,000 to 50,000 chests of opium.

3321. The experiment then would be a rather hazardous one?—I think it would, as regards the revenue.

3322. I dare say you have read a report of the delegates of Shanghai Chamber of Commerce, who accompanied Consul Swinhoe into the interior of China?—Yes.

3323. You are aware that they report a very great extension of opium cultivation in China?—Yes.

3324. They said that there was apparently not now even a nominal prohibition, for the opium was freely carried about, and paid transit duties just like any other article in the interior?—That I believe is the purport of their report.

3325. And they agree, I think, that the extension of the cultivation of the native opium must lower the prices of the imported?—Yes, I think they said that.

3326. But they also said that the Indian drug was very much better, and was consumed by the wealthier classes?—I think they said that the Indian opium as a rule was about 50 per cent. better than the China opium.

3327. Could you form any opinion in your own mind as to the degree in which the prices of Indian opium are likely to be affected by the increased cultivation in China?—I can only form the same general opinion that any one else can form upon those data; that if the cultivation of the poppy extends in China it will naturally have the effect of reducing the price of opium in India.

3328. Last year, in the estimates for 1870-71, they calculated on 97 *l.* a chest, but the opium realised 112 *l.* a chest, so that their anticipation of a falling off were not realised. That was stated by the Financial Member of the Council in India. Could you assign any cause for that?—The only explanation that I can give of it is that the extension of the cultivation in China is perhaps not quite so great as was supposed.

3329. Mr. *Fawcett.*] I understand you to say that opium is grown in India simply for purposes of revenue; no moral considerations at all influence the Government?—The Government only regard opium as a means of obtaining revenue.

3330. That if, for instance, they thought they could obtain more revenue by doubling the cultivation of opium in India, they would do so, and would not be deterred from adopting such a

Sir *C. Beadon*, K.C.S.I.

5 May 1871.

course by any considerations as to the deleterious effect which opium might produce on the people to whom it was sold?—Probably not.

3331. I believe the opium revenue has realized some years as much as 9,000,000 *l.*, has it not?—From the whole of India nearly 9,000,000 *l.*, I think, one year.

3332. What is the average *ad valorem* duty on opium in Bengal, taking the average price, and comparing it with the duty?—I cannot tell you the average exactly; but perhaps the best plan would be to assume a price, say 1,100 rupees a chest, or 110 *l.*, and then the price of a chest of opium, including the cost of manufacture, and the expense of all establishments, is something under 400 rupees a chest; if you put it at 400 the proportion is just 400 to 1,100, and the duty, or profit, is seven-elevenths, on that supposition.

3333. So that you may say that the opium duty on the average, according to those figures, is about an *ad valorem* duty of 180 per cent.?—Yes.

3334. In your last evidence you stated that the cultivation of opium in China was restricted by an edict of the Emperor?—So I have gathered from the official correspondence.

3335. Of course there is no security whatever that that edict might not any day be rescinded?—None that I know of; it is in the pleasure of the Chinese Government.

3336. Over whom, of course, we have no influence?—None whatever.

3337. Suppose any day it was rescinded, of course, that would enormously increase the cultivation of opinion in China?—It would very likely have that effect; except for this reason, that according to those accounts the cultivation goes on increasing in spite of the edict.

3338. But still, no doubt from your previous evidence the edict has some influence; if the trade were perfectly free there would be more cultivation, I presume?—I have no knowledge on that point, except what I have derived from reading the reports.

3339. A paper to which reference has been made which you said you had read, estimated the difference in the quality of the Chinese and Indian opium at 50 per cent.?—Yes.

3340. Therefore, if there was perfect free trade or unrestricted cultivation of opium in China, it would be absolutely impossible, owing to competition, to maintain anything like the present duty of 180 per cent. upon Indian opium?—I do not see that.

3341. Does it not follow as a self-evident proposition?—Not if the quality of the India opium is 50 per cent. better than the China.

3342. But if the India opium is only 50 per cent. better, that represents the maximum duty which you could levy, does it not?—Yes; supposing the cultivation were perfectly free, and the demand sufficiently supplied.

3343. Therefore, admitting the truth of the fact that the edict may any day be rescinded in China, and the cultivation become perfectly unrestricted, you have the fact that you may have any day an order to sell your India opium to reduce the duty to one-third of its present amount?—I think it quite possible; in fact, it must be so.

3344. Then, besides that very serious prospect, am I not correct in stating (I believe you stated it) that the cultivation of opium in Persia is very much increasing?—So it appears from the official reports.

3345. Can you give any figures to show that?—Yes; the last report states that the production is 4,000 chests.

3346. And how rapidly has it increased?—It is quite of recent growth.

3347. So that you may say that the export of opium from Persia to China is steadily increasing?—I think it is.

3348. So that not only have we the prospect before us of China becoming a most formidable competitor, so formidable as to render it necessary for us to reduce our duty to one-third of the present amount, but we also have another serious competitor in Persia?—Yes; but I suppose it will not be long before the Persian Government see the policy of putting an export duty on their opium.

3349. Do you know the relative advantages that Persia has for the cultivation of opium compared with India?—No, I have no knowledge of that; I have never seen anything bearing on that.

3350. They sell it now at a cheaper rate than we can sell ours, do they not?—On that point I can give you no information.

3351. Can you give us any information as to the relative quality of the Persian opium compared with the Indian?—No, I have never seen any analysis of the Persian opium.

3352. Then considering this opium question as a financial question it comes to this, that we raise 9,000,000 *l.* in sales of a very deleterious drug to smother people, and that that revenue is a most critical and uncertain one; it may be, according to your own statement, at any day reduced by two-thirds?—We only realise half that amount from the manufacture and sale of opium; the rest is realised by all Indian opium exported from Bombay.

3353. That comes exactly to the same thing, does it not; it estimates the whole amount of revenue?—Quite so; only in putting your question you seemed to imply that the whole was derived from the manufacture and sale of the drug by Government, as I understood you.

3354. Then I will put the question differently; the whole revenue is 9,000,000 *l.*, therefore there is the prospect at any time of India suddenly finding itself deprived of 6,000,000 *l.* of its revenue?—It is quite possible that such a thing may happen; and no doubt opium is admitted and known to be a precarious source of revenue to a certain extent; but I think it will be a long time before it is likely to be seriously affected.

3355. But still, looking upon it simply as a question of prudence, it is not a source of revenue which is a certain source of revenue like the land revenue or the salt duty, for instance?—No, certainly not.

3356. The year when 9,000,000 *l.* was raised by the opium revenue in India, I believe was a year when there was a very serious deficit, was there not, in the Indian finance; it was two years ago, was it not?—It was in 1867-68.

3357. *Chairman.*] For the year ending March 1868, the gross revenue for opium was 8,923,000 *l.*?—Yes.

3358. Mr. *Fawcett.*] In spite of obtaining this very large revenue from this uncertain source, in that year there was a very serious deficit, was there not, in finance?—I do not think that there was a deficit on the ordinary expenditure. There was,

was, if you include the extraordinary expenditure on Public Works.

3359. But still that year you were borrowing?—For reproductive works.

3360. Then have you ever contemplated (of course you have had to consider these financial questions) whether there would be any means of supplying this large deficiency which may any day occur?—No doubt I have considered it from time to time, but the question never assumed a practical shape.

3361. But do not you think that it has already assumed a practical shape when Indian finances are in this position, that in a majority of years you have very serious deficits, and you are constantly borrowing; and at the same time, in addition to your deficit, and in addition to your borrowing, you are obtaining a revenue from a speculative source which may any day be very seriously diminished?—The only practical form in which the question has arisen for consideration is this: Shall we sacrifice the whole or any portion of the opium duty? And it seems to me that the present state of the Indian finances is such as to prevent us from giving any answer but one to that question, that we must not give up any of the opium revenue; we cannot afford to do so.

3362. But that is not at all my point. It is not a question whether we shall voluntarily give up a portion of this revenue; that is not the point at all to which I wish to direct your attention. What I want to direct your attention to is not the voluntary surrender of this revenue, but the possible, if not the probable, compulsory surrender of it, owing to circumstances to which you have yourself alluded, and which you say exist?—When that arises, the difficulty must be met either by reducing expenditure or by the imposition of other taxes.

3363. You say it must be met by reducing expenditure or by imposing other taxes. I will begin with the first point first; how could you reduce expenditure?—Well, that is a very large question, quite beyond the scope of the opium question.

3364. But still it is a question, as I venture to submit, intimately connected with this opium question; because the point which I wish particularly to bring out is this: that you are living in India above your means, and at the same time that you are living above your means you are obtaining a portion of your income from an extremely uncertain and speculative source, which may any day be seriously diminished. You say that, if it did diminish seriously, you would have to meet it by reducing the expenditure or by increasing taxation. I wish to direct your attention to both these points—I am not now prepared to suggest any way in which expenditure can be reduced. It is a matter which requires very deep and careful consideration, and I am not prepared to enter into it.

3365. I understand you that you consider that the revenue which we obtain from opium is an uncertain revenue, and that if it fell off we should have to adjust it, either by reducing expenditure or by imposing new taxation; but that in what particular way we could reduce expenditure, and whether we could impose new taxes or not, you would rather not express an opinion upon now?—Yes.

3366. I understood, from your last evidence, that we obtain profit from opium in two ways: in a direct way and in an indirect way. The direct way is what is put down as the opium revenue, and the indirect way is this: that if it was not for the growth of opium, the amount which we obtain from land revenue would not be so large?—In Bengal Proper, and some of the districts of Benares, the amount of revenue would not be affected, because they are permanently settled districts; but the facilities to the landholders for paying their revenue would be very considerably diminished, if advances were not periodically given by Government for the cultivation of opium.

3367. But what I wanted to bring out was this: in districts where there is not a permanent local settlement is it not the case that the land revenue is larger, owing to the growth of opium?—Yes; the revenue would not be affected during the currency of the existing settlement, but when a new settlement had to be made I think it is probable that if there were no opium cultivation the revenue would be less.

3368. Could you give us any estimate at all of the possible loss to the land revenue if the growth of opium were greatly curtailed?—No, not the least.

3369. You stated in your last evidence that we obtain a certain revenue from the sale of opium, did you not?—Yes.

3370. I think in one of your answers you stated that we sold it at near the cost price?—At little more than the cost price in the opium-producing districts; but the further you go from the opium-producing districts the price charged for what is called Abkari opium increases until at the greatest distance it arrives at its maximum.

3371. Then how is that maximum adjusted; so as to cover the cost of carriage?—No, the maximum is taken at the highest amount that it is supposed that the people can pay without smuggling; because the further you go from the districts of production the greater the difficulty of smuggling, and therefore the larger the price which you can demand for it.

3372. Then you stated in your evidence last time, at the close of it, that we obtained from the sale of this opium to our own people an amount, I forget the exact figures, but I think nearly three times the cost of the opium. Am I not correct in that?—Twenty-lacs, that is 200,000 *l.*

3373. And what was the cost of that opium?—That is net; we actually obtain about 300,000 *l.* gross, and the cost of the opium is about 100,000 *l.*

3374. So that you sell it at more that I stated?—At about three times the cost.

3375. Therefore you may say generally that your sales of opium in India, as well as in China, are adjusted to obtain the utmost revenue possible?—Yes.

3376. Does that 20 lacs which is obtained represent the whole of the sale in India?—The whole of the sale in Bengal and the North Western Provinces.

3377. Have you any estimate of the whole of India also?—Opium is not sold in any other part on account of the Government, I think. I am not aware that it is.

3378. *Chairman.*] Is there not a large license in the nature of an abkari?—I think that in other parts of India the local opium revenue is raised by licenses, not by the sale of opium at the Government agency.

3379. Is it not a heavy license in the nature of an abkari license?—Yes.

Sir *C. Beadon*, K.C.S.I.

5 May 1871.

3380. Mr. *Fawcett.*] Can you give an estimate of what these licenses bring in?—No, I have not the data before me.

3381. Those are not included in the 20 lacs?—No; the 20 lacs are simply the profits derived from the sale of opium which is manufactured at the Government agencies, and supplied to the districts of Bengal and the North-Western Provinces for sale to the consumers.

3382. Has there ever been any complaint from the authorities in China as to our exporting these large quanties of opium there?—I never heard of any.

3383. Mr. *R. Fowler.*] I believe the system is that the Government prohibits the growth of opium, except in certain provinces?—Yes.

3384. The prohibition is very strict, I believe?—Absolute.

3385. Then, does the prohibition apply to the other provinces?—No.

3386. There is no opium grown in Madras and Bombay, is there?—I am speaking of the action of the Bengal Government. The Bengal Government has no authority except in Bengal itself, and also in regard to opium, a certain qualified limited authority in the North-Western Provinces.

3387. But it is a fact, is it not, that there is no opium grown in either the Madras or Bombay Presidency?—I am not sure; I know that it is grown in the Punjaub.

3388. I am not speaking of the Malwa opium, that is an independent State, I believe; but my question was, whether the growth of opium in the English territories in India is not limited to certain provinces in the Bengal Presidency?—I am not able to speak positively upon that point. In the Bengal Presidency it is limited to certain districts, but whether it is limited in Madras and Bombay, I cannot state positively.

3389. Still you never heard of any opium being produced in either Madras or Bombay of much practical moment?—No.

3390. Then, I think one statement was that, under the system which we pursue, it comes to an *ad valorem* duty of 180 per cent.; that was stated by you in answer to a question which Mr. Fawcett put just now?—Seven-elevenths, I think I said.

3391. Is any ryot at liberty to grow opium; he requires a license from the Government to do so, does he not?—He must apply for a license at the same time that he applies for an advance.

3392. And the ryot always receives the advance if he applies for it?—The ryots are not asked to cultivate, but it is open to any ryot to come to the agent and say, "I have land which I wish to cultivate with opium, give me an advance."

3393. And, practically, they all receive an advance?—All.

3394. Is opium much consumed by the natives of India?—It is difficult to give an answer to your question, because I think the circumstances of different parts of India are so very different. In Malwa and the Rajpoot States, I believe it is very largely consumed.

3395. Malwa is not under our Government?—No; it is not directly under our Government. I do not think that the consumption in Behar and Bengal is very great. In the opium-producing districts where the opium is made by the people, there is no doubt a great deal of opium consumed by the manufacturers which never finds its way into the Government factory.

3396. Then the action of the Government has been, while encouraging the use of opium in other countries, to discourage the use of it among their own subjects?—Certainly.

3397. What is the reason for that?—The object of the Government has been simply a fiscal object, to get as much revenue out of opium as it possibly could. It therefore sells opium to its own subjects at as high a rate as possible, and it also endeavours to derive from the sale of opium for exportation as large a price as it can obtain.

3398. But, in a fiscal point of view, is it indifferent to the Government whether it is consumed by their own subjects or by the Chinese?—Not quite. The profit upon opium sold for exportation is very much greater than the largest profit which we obtain on opium sold to our own people. We only sell the opium to our own people in order to prevent them from attempting to smuggle opium, and to sell it without payment of duty.

3399. But it has been the wish of the Government not to encourage the consumption of opium among their own subjects?—I do not think that the consideration has had much weight with the Government, as far as I know. I think their object has been to get as much revenue out of the consumption of opium as they possibly can.

3400. And the Government would have been quite ready to see it consumed by their subjects as well as by the Chinese?—I do not think the Government have ever regarded the subject in that point of view, but only looked upon it in a fiscal point of view, and endeavoured to get as much revenue out of it as they possibly could.

3401. Is it a fact that while opium is largely cultivated in India, and exported from it, it does not seem to be consumed as largely there as might be expected; and, if so, to what do you attribute that fact?—As I said before, the people of Bengal and Behar are not so largely an opium-consuming population as the Chinese are.

3402. But is that not owing to the action of the Government; the Government have taken no part in encouraging it?—I think not. The fact of the Government levying a high duty upon the consumption of opium must have indirectly a tendency to check consumption, but I look upon that as incidental.

3403. What is the effect on the character of the population in the districts where it is grown; are they as fine and healthy a population as in any other part of India?—Quite so, as far as my observation goes.

3404. The Bombay system is a transit duty, is it not, of 600 rupees a chest?—Yes.

3405. You have no doubt seen the Minute of Sir William Muir, dated the 22nd of February 1868, on the taxation of Malwa opium, and the revenue derived from opium in general?—No, I have not seen it.

3406. Sir *W. Lawson.*] Might I ask you how the sale of opium in India is regulated; is it free?—The opium which is prepared for sale in India is made up in a different way from the opium which is prepared for exportation to China, and is packed in chests of a different size and description. One or two of these chests are sent to the collector of every district, and it is sold by one of the officers of the collector's establishment to licensed vendors, at the fixed price, and they retail it to the people.

3407. Then it is sold directly by the Government, the same as the exported opium?—Yes;

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it is sold by an officer of the collector's establishment, whose business it is.

3408. He sells it to the retailers, and they make their profit out of it?—Yes.

3409. Then, is it sold for smoking or for eating?—Chiefly for eating; and it is not eaten in its rude state, but it is made up into all sorts of messes of different kinds, and consumed in that way.

3410. Are you aware whether there is a great consumption of it in the districts where it is grown?—As far as the opium sold by Government goes, there is a very much less consumption of opium in the districts in which the poppy is grown, than in those districts where it is not grown.

3411. Have you any way for accounting for that?—The only way in which it can be accounted for is this: that the people supply themselves from the cultivators.

3412. Surreptitiously?—Surreptitiously.

3413. Have you observed the effects yourself upon the people in those districts where it is consumed in India; have you been able to observe them from your own knowledge?—I have been a great deal among the poppy cultivators of Behar, and I consider them a very healthy race. I never saw any people suffering from the use of opium.

3414. In this minute of Sir William Muir's, he advocates a different policy in regard to opium, and I understand that he advocates the giving up by the Government of their monopoly; that they should put an export duty on and continue the license duty, and he says, "Thus the action of Government will be that of check, and no longer a stimulus;" is that the policy which you would recommend in this matter on export and license duty, and the abolition of the monopoly?—The only reason for maintaining the present system is, that it is believed that it yields a very much larger amount of revenue than any other system would yield, as, for instance, an export duty. I do not know that the Government is particularly wedded to the monopoly system, except as a fiscal agent of great power, by which they are enabled to extract from this article of opium the largest possible amount of revenue.

3415. Then you would not wish to express an opinion as to the desirability of the monopoly being given up and the export duty being substituted?—As a fiscal question, do you mean?

3416. I merely quote his words; he advocates it, and says: "Thus," that is, by the system I have named, "the action of the Government will be that of check, and no longer of stimulus;" that is his reason for advocating that policy; you do not wish to express an opinion on that?—I think that if the system were changed, it would lead to a loss of revenue.

3417. And would diminish the consumption?—Not necessarily, if you allude to the supply to our own people. Assuming the consumption to remain the same, the Government would derive less revenue from it than they do under the present system.

3418. Then you think the present system is the best for deriving a revenue?—Certainly.

3419. Have you ever had your attention called to an opinion expressed three years ago by 25 of the most eminent medical men in this kingdom, who said that they could not but regard those who promoted the use of opium as an article of luxury as inflicting a most serious injury on the human race; and do you agree with that sentiment?—I do not consider that the Government does promote the consumption of opium.

Sir C. Beadon, K.C.S.I.

5 May 1871.

3420. But those gentlemen said they should regard those who did promote the use of opium as "inflicting a most serious injury on the human race"; would you consider the promotion of its use as inflicting such an injury; I merely ask whether you agree with that opinion?—I do not quite understand the drift of the question.

3421. I do not know that I have any right to ask your opinion; but I thought that being acquainted with the opium revenue you would have an opinion on the point; I merely ask whether you would agree with these medical men who consider promoting the consumption of opium to be "inflicting a most serious injury on the human race"?—It does not appear to me that that opinion has any bearing upon the action of the Government in the matter.

3422. No; but would you consider promoting the use of opium to be "inflicting a most serious injury on the human race," if it should be proved by any other witness that the Government does promote it?—But if I were to say that, I should condemn the manufacturers of all stimulants throughout the world; I am not prepared to utter such a wholesale condemnation as that.

3423. Then I will give you the opinion of others who are not medical men; are you aware that in a despatch to the Governor General, of the 24th October 1817, the Court of Directors said: "Were it possible to prevent the use of the drug altogether except for the purposes of medicine, we would gladly do it in compassion to mankind;" I should like to ask whether you would think it would be an act of compassion to mankind to act on that policy now?—I am not a teetotaller.

3424. Then not being a teetotaller, but being acquainted with the opium traffic, I will ask whether you agree with my honourable friend, the Under Secretary for India, that the indulgence in the use of opium brought no more evil than did the moderate use of wine to persons in this country, and that on the side of opium there was this great advantage, that even its moderate use did not tend to incite the consumer of it to crime?—As far as my knowledge goes I do not think it so injurious as alcoholic stimulants.

3425. Are you aware that Mr. Bruce has mentioned it as a deleterious substance in his Licensing Bill?—No.

3426. Is it true that while the Government make an enormous profiture on the cultivation of opium, the ryot incurs all the risk of the failure of crops, and that the more he is compelled to take advantage of the Government the less he is able to exercise his own freedom of action?—The ryot is not compelled to take advances from the Government.

3427. Are you aware why, if the drug is not deleterious, the Emperor of China prohibited its use; have you any information on that point?—I have no information.

3428. It was merely a foolish fancy of the Emperor?—I have no information on the point.

3429. Are you aware whether some years ago the Government officials ordered an unwilling peasantry to the west of the Jumna, by the bait of large advances to grow opium?—I never heard of such a thing.

3430. Are you aware whether the land which is employed for the growth of the poppy is filched

Sir *C. Beadon*, K.C.S.I.

5 May 1871.

as it were from the growth of corn, and that it would otherwise be employed largely in the growth of grain?—I have no doubt that most of the land upon which the poppy is grown would also grow wheat, but the poppy is a much more profitable crop for all concerned.

3431. Mr. *Baring.*] You mentioned, did you not, that you expected that Persia would put an export duty upon opium; is there any ground for that expectation?—I did not say I expected it; I said I thought they might.

3432. There is no positive ground for expecting that?—No; I only considered it a likely and probable thing.

3433. Is there any estimate as to the comparative cost of producing opium in India, or in Persia, or in other countries?—Not that I have seen.

3434. Can you form any idea whether in the absence of all limitation or export duty, or profit, opium could be produced in India cheaper than elsewhere by the population at large; I mean without any limitation or restriction?—No, I do not think that that is a question which I can answer. I suppose that everything can be produced cheaper in India than it can in China, because wages are lower.

3435. And cheaper than in Persia?—I do not know anything about Persia; I cannot tell.

3436. Mr. *Beach.*] May I ask whether the advance to the cultivators is made because there is considerable expense incurred in preparing the land for the cultivation of the poppy?—Yes, it is because they have to expend money in the preparation of the land, its irrigation, purchase of seed, and so forth, long before they get any return; advances are customary in all transactions in India.

3437. It is profitable to the cultivator generally afterwards, is it not?—I believe it is very profitable to the cultivator.

3438. Does the crop vary much according to the season?—A good deal.

3439. Is the whole of the amount which is converted into opium sold during the same season?—The season at which the opium is produced is the spring of the year, March, April, and May; that is the season for producing the opium; it is brought to the Government Factory, and there it lies for a considerable time in large tanks, so as to acquire a uniform consistence; it is packed after the periodical rains are over in October, and sent to Calcutta. The opium which is produced in the spring of one year is not sold till the following year; it is then divided into 12 portions, and sold, one portion in each month of the following year; therefore, the opium which is produced in the spring of 1870, begins to be sold in the Calcutta market in January 1871, and the sales of that opium continue till December 1871, and then the provision of the next year is ready.

3440. Would it deteriorate it if it were kept to another year?—Not a year, certainly. As far as my experience goes, I do not think that opium deteriorates by some keeping; I cannot tell how long it would keep without deteriorating, but certainly it would not deteriorate in one or two years if properly kept.

3441. I believe it has been stated that the object of the Government is to sell, as far as possible, an even quantity every year?—That is my opinion.

3442. It has been stated that in Bengal 50,000 chests would be the amount?—Something about that.

3443. There is a large amount received in Bombay. Is it chiefly from opium which is brought from the Lower Provinces?—No, most of the opium which pays the export duty at Bombay is made in the States of Central India and Rajpootana, which are not directly under our Government. The manufacture is carried on entirely by private individuals, and they pack the opium in chests, and bring them to be weighed; there are Government scales at certain fixed points, and there they are weighed and passed on to Bombay, and at Bombay they pay the duty.

3444. How is it that out of the last return 1,820,683 *l.*, which is given as the cost of collection, 1,817,510 *l.* is charged to the Bengal collection?—That includes the price of the opium paid to the cultivator. If you look at the Parliamentary Return of the Finances of India you will see in the last column that the cost price paid to the cultivator forms a very large per-centage of the gross revenue, but that the actual expenses of collection are not more than 1·7 per cent.

3445. But still it seems a very small amount for collection, 3,173 *l.* for Bombay, when the receipts are 2,357,000 *l.*?—Because there are no advances to cultivators there; that is the difference. In Bengal the charges against opium include the price of the opium paid to the cultivator.

3446. Then, in the Punjaub, I see that there is 1,375 *l.* received, and no charge for collection?—It forms there a branch of the Abkari; that is for local consumption.

3447. Sir *D. Wedderburn.*] A large proportion of the Bengal opium is exported to and consumed in the Straits Settlements, is it not?—Some portion.

3448. A considerable proportion?—Not considerable as compared with the whole.

3449. I have observed that it was very considerable; I mean the amount exported to places outside the limits of the Chinese empire?—My impression is that it is something less than one-tenth of the whole—I cannot tell you exactly what it is.

3450. The quality of the Bengal opium, and the price that it fetches in the market, is less than that of either the Malwa or the Persian opium, I believe?—I cannot say about the Persian opium, but a chest of Malwa opium fetches a higher price in China than the Bengal opium. The reason is that the Malwa opium, though about the same weight, is prepared of a much higher consistency than the Bengal opium. Bengal opium is prepared at a consistency of 70 per cent.; that is, each ball of opium consists of 70 parts of opium, and 30 water. The Malwa opium contains 90 parts of opium, and only 10 parts of water. Therefore, it is intrinsically more valuable.

3451. And to that cause alone you attribute its higher price?—That is the only cause, I believe.

3452. The Bengal poppy has quite a different flower from the Malwa poppy?—I never heard that there was any other reason but that which I have named.

3453. With regard to the cultivation of opium in the native states, what limit is placed upon the extent of cultivation?—I am not aware that there is any limit.

3454. Then it might extend indefinitely in those countries?—I believe so.

3455. Is

3455. Is there in the Bengal Presidency reason to believe that much opium is smuggled across the frontier from the Central Indian States?—No, I doubt if there is any smuggled into Bengal.

3456. Is there not reason to believe that in Bengal the amount consumed is very considerably in excess of the amount furnished to the retail dealers by the Government?—Only in the opium-growing districts.

3457. I fancy that while it is a crop of which it is very easy to prevent the cultivation, it is a drug that is more easily smuggled than perhaps any other, from its intrinsic value and small bulk?—That is the case. It is very difficult to prevent smuggling.

3458. We have had considerable difficulties in past times with some of the independent States on that very question, particularly with the Rajpoot States, I think?—I am not aware of that.

3459. The opium crop is somewhat precarious, is it not. When just about to be collected a shower of rain will wash away a very large proportion of the harvest after the capsules have been sacrificed and the juice has exuded?—Yes; I have heard it said that a night's rain will destroy 10,000 chests.

3460. Is not it true that while the Government derive an enormous profit from opium, the peasantry take all the risk of a failure of the crop?—To a certain extent they do; but in practice whenever a ryot cannot pay his advances in kind by the delivery of opium, the difference is remitted to him. Government never insists upon payment.

3461. And is the crop precarious at any other stage than that of collecting the produce?—Not where there is a full command of water for irrigation.

3462. Mr. *Bourke.*] I think that on the whole your evidence goes to this, that although there may be many objections to this Government monopoly, yet, at the same time, the profit is so great that the Government would not be justified in abandoning it, unless they saw clearly their way to supplementing the revenue to an equal amount by some other means?—That is my opinion.

3463. Now, has it ever been seriously contemplated by the Government of Bengal to abandon the growth and production of this drug altogether, and to supply in its place an exeise duty?—Never, that I know of.

3464. I think you said on the last occasion that some years ago, I think 10 years ago, there was a great reduction in the growth and production of opium throughout the country?—Yes, there was.

3465. That was an intentional reduction on the part of the Government?—Yes, it was.

3466. What was that owing to; what was the view of the Government in reducing the growth and production in that year?—In one year, in the year 1853, there was a very productive season, and a very large number of chests were produced. The custom at that time was to sell the whole crop of one year in the course of the next year; and the consequence of bringing this very large crop to market was that the prices went down to 700 rupees a chest, and the net revenue suffered considerably. The consequence was that the Government became alarmed, and determined to reduce the cultivation in order to restrict the annual provision, and they did it by reducing the price paid to the cultivators. The consequence of that was that fewer cultivators came forward to take advances, and the area cultivated became less and less, until in 1861–62 the provision was reduced to 21,000 chests. The price then rose to nearly 2,000 rupees.

3467. Did the rise of price in India consequent upon that operation increase or diminish the price in China for China-grown opium; I mean did it stimulate the growth of opium in China?—I have no doubt that it did.

3468. And in Persia?—And very likely in Persia.

3469. I suppose, then, your object will be always to try and keep down the competition of China and Persia. as compared with India?—I think that ought to be our policy; to maintain a large area of cultivation.

3470. I think you have told already one honourable Member that you were not prepared to say whether the soil of India was much better and more favourable for the cultivation of opium than that of either Persia or China?—It is a question that I cannot answer.

3471. Sir *J. Elphinstone.*] Has the production of opium in China, which has increased very much of late years, permanently lowered the sale price of opium in Calcutta?—It is very difficult to say how far it has had that effect. It seems to me, looking over the accounts of the last few years, that the price has been more affected by the quantity of opium brought into the market by the Government than by anything that goes on in China.

3472. In fact, the increase of cultivation in China, if there is an increase, has not shown itself distinctly, as affecting the market in India?—I do not think it has.

3473. I think you said that the touch of the Patna opium is 70, and that of the Malwa 90, and that the China was 30 per cent. below Patna?—I said that the touch of Patna opium was 70, and I gather from the papers which have been published that Patna opium in China is worth 50 per cent. more than China opium; but whether that arises from difference of touch or difference of flavour or quality I cannot tell.

3474. That brings the China down to 35?—No, not necessarily. I do not think that the price of opium depends upon the touch, but upon the quality and flavour.

3475. The China opium is very course, is it not?—I believe it is.

3476. With regard to the permanency of the opium revenue, you are aware that, some years ago, the duties on French wines were made very much lower in this country. Can you now, for your purposes, buy first-growth claret cheaper than you could 10 years ago?—I was not in England 10 years ago.

3477. But, as a matter of fact, is the price of first-growth claret cheaper now than it was 10 years ago?—No; I believe not.

3478. Is there any reason to suppose that the price of the first-class opium will fall in China by the introduction of a lower and coarser article?—I do not think it has had that effect yet.

3479. Taking the quantities of opium as they were given to me by an authority on opium, I find that the last year that we have it was estimated at 60,000 chests. I think that the Bengal opium produced more than that, did it not, in 1870?—No, the quantity of opium produced in 1870 was 54,000 chests.

Sir *C. Beadon*, K.C.S.I.

5 May 1871.

3480. I think it was estimated at 60,000 chests?—The actual produce of opium for exportation was 54,000 chests. Then, besides that, there was a good deal made for Abkari, and medical purposes.

3481. Malwa was estimated, according to the same authority, at 35,000 chests, Damaun was supposed to export 15,000 chests, and Persia 4,000 chests; in rough numbers that is about the total amount of opium produced and sent round to China; in all 110,000 chests?—I had no idea there was so much exported from Damaun; I would say that I do not think so large a quantity is exported from India.

3482. You think that 110,000 chests is more than is exported from India and Persia?—Yes.

3483. The weight of the contents of a chest is 140 lbs., is it not?—Yes.

3484. Taking my figures roughly to approach the truth, it would be 15,400,000 lbs. weight of opium which would go round to China from India, and you know what the population of China is estimated to be?—400,000,000.

3485. That amounts to half an ounce a head for the population, does it not?—I have not made the calculation, but I dare say it is about that.

3486. Have the Government of India any official reports as to the increase of the Chinese cultivation, the provinces in which that increase is to be expected, and the grounds upon which that opinion is based?—Yes, there is a good deal of correspondence that has taken place on that subject; they have had reports from the consular authorities in China.

3487. From whom can we get that information?—From the India Office. I do not know any one that has any personal knowledge on the subject, but it is all on record.

3488. The smuggling of opium is a very difficult matter, is it not, in consequence of the smell of opium?—It is of such great value and small bulk that it is easily smuggled in small quantities.

3489. What was the cause of the famine in Orissa?—The absolute failure of the periodical rains in the middle of September, instead of continuing to the end of October, as they usually do.

3490. Were there not a number of the population thrown out of employment about that time from the suspension of the salt manufacture, and other reasons?—Yes; there were certain portions of Orissa lying immediately on the sea coast that had relied a great deal upon the Government manufacture of salt, and when the Government ceased to manufacture salt they were deprived of that means of gaining subsistence; and when their crops failed, they had nothing to fall back upon.

3491. What are the means of communication between the Province of Orissa and the rice-producing districts of Bengal; is it entirely by sea?—I think there is a canal communication now, but there was not in 1866. The only communication was by sea in 1866.

3492. The canal is now commenced from the Chilka up to the Hooghly?—I do not think it is finished from Chilka, but from the Mahanuddy up to the Hooghly; I think there is a communication now by canal.

3493. The Mahanuddy is the boundary?—No; the boundary goes down to the Chilka.

3494. Have there been any means adopted to open the mouths of the Mahanuddy by dredging or otherwise, to enable supplies to be taken in?—There is a very tolerable port at the mouth of the Mahanuddy.

3495. What becomes of the harbour dues in India; are they applied to the improvement of the ports, or do they go into the general revenue of the country?—There are port funds at every port, and the harbour dues are carried to the credit of the port fund, and out of the fund are defrayed all the expenses of the harbour.

3496. And improvements?—Yes.

3497. Sir *T. Bazley.*] In some of the native states opium is grown?—Yes.

3498. Is it permitted to be sent across the British territory to market?—No; except packed in chests and under a pass.

3499. And is any transit duty taken?—None. I believe that at the scales a small fee is paid when the chests are weighed.

3500. And has that opium, grown in native states, the same advantage of export that the British opium has?—Just the same.

3501. Mr. *Lyttelton.*] What reason have you for supposing that the imposition of an export duty would result in a loss to the Government in place of the present system?—Simply this: that the Government at present derives from the growth and sale of opium in Bengal a larger profit than the export duty which they impose upon opium exported by Bombay and grown in the natives states in the west of India.

3502. How much larger?—It varies with the price; the duty upon Bombay opium is 600 rupees. If Bengal opium sells for 1,200 rupees, and the cost of the production of a chest of opium is only 400 rupees, there remains a margin of profit of 200 rupees a chest, which the Government makes, over and above the duty of the 600 rupees a chest.

3503. Would it be difficult and expensive, if you did substitute an export duty, to prevent smuggling in Bengal?—I think very difficult.

3504. Has any other method of obtaining this revenue from opium been suggested?—I never heard of any method being proposed except that of imposing an export duty.

3505. *Chairman.*] Or rather in Bengal it would be an excise duty on the growth?—No; an export duty; a duty on exportation by sea from Calcutta; that is the method which has been proposed as a substitute for the manufacture and sale by the Government.

3506. Mr. *Lyttelton.*] That would necessitate a preventive service all along the coast, I suppose?—Not along the coast.

3507. *Chairman.*] The question is, how you could get it to Calcutta to collect the duty?—If you adopted a system of export duty, you must go a step further, and also have a system of manufacture under license and supervision; that is inevitable.

3508. Mr. *Eastwick.*] Can you make a conjecture as to the number of ryots who are now employed in cultivating opium generally, taking Patna and Benares both?—It is on record somewhere; but I cannot tell you the exact numbers off hand. I can tell you the extent of land that is cultivated; the extent of land that was cultivated in 1869–70 was, in round numbers, 500,000 acres. I suppose, but it is mere conjecture, that on an average each ryot would cultivate two acres; that would give you 250,000 cultivators besides their families.

3509. Then

3509. Then we may say certainly that three-quarters of a million of people, at all events, are dependent upon this opium cultivation in Bengal?—At least that number, I should think.

3510. From your observation, would you say that they were in quite as good circumstances, or, perhaps, in rather better circumstances, than any other cultivators in the country?—Rather better.

3511. In the first place, they receive advances from Government?—Yes.

3512. And they have no actual risk of failure of crop, because, as you stated just now, in case of failure and their not being able to pay in kind, the deficit is written off?—Yes; but in that case they get no profit.

3513. But still they do not suffer the reverses which, for instance, the Orissa people did, or which any cultivators of grain whose crops fail would suffer?—No.

3514. In fact, there is no selling-up of the opium cultivating ryot for the Government on account of failure?—No; irrecoverable balances are always remitted.

3515. And there is nothing deleterious to them in the cultivation; but the cultivators are a healthy people, they do not suffer from the cultivation?—No.

3516. Is it found that they themselves indulge in opium at all?—It is merely a matter of suspicion; I suppose it is impossible that opium can pass through the hands of a vast number of men like that without some portion of it sticking to their fingers.

3517. But there is nothing in their physical appearance, or in the state of their health, to indicate it?—Nothing. I never heard of any excessive opium eating among that part of the population.

3518. It is also a fact, is it not, that the plant is extremely useful, not only to be sold as a drug for China, but also in many other ways; for instance, some part of the plant, some of the seed, is given to cattle?—The stubble of the plant is fodder for cattle; the seeds are used to make oil. There is a large trade in oil seed. The mere petals of the poppy are all sold. Every part of the plant has its value, and the ryot is left to make what he can out of his plant. All that the Government asks him for is to give up the opium on payment of a fixed rate.

3519. Then, no doubt, he does make a profit out of the plant?—Yes.

3520. And it is also a fact, is it not, that it is very largely used as a medicinal drug?—Yes.

3521. For various poultices, and in many other ways?—Part of the annual provision of the Government is made into what is called medical opium, and supplied to the medical department for medicinal purposes.

3522. Then it is pretty clear, is it not, that the cultivators are an extremely thriving, perhaps the most thriving, part of the cultivating population of Bengal; that it is not only extremely profitable as a matter of revenue, but also to the cultivators themselves?—Very much so, certainly.

3523. Now, I will ask you just to turn your eye in the direction of Assam: is it not the fact that the population of Assam is almost entirely demoralised by the quantity of opium which is produced and used there?—It was.

3524. There has been a change lately, has there?—Some 10 years ago the Government prohibited the manufacture of opium in Assam; up to that time it had been free.

3525. And during that time the population was immensely demoralised?—Very much demoralised. The reason that was assigned for it was, that it was eaten by the women and children; the children, from their earliest years, were accustomed to suck rags saturated with opium.

3526. Now, supposing that the Government were to withdraw its hand altogether from this monopoly, is it not reasonable to suppose that you might have a state of things like that which existed in Assam; that you would at all events have a considerable use of the drug among the population which does not at present exist?—If the cultivation were entirely unchecked, no doubt such a state of things might arise.

3527. And even if the Government monopoly were done away with, and you put on an export duty, there would be a danger of it?—Unless you adopted a very strict system of excise supervision, equivalent to the supervision now exercised over the Government growth.

3528. But there would be considerable difficulties in that, would there not?—I think the difficulties would be great.

3529. I do not know whether you have been in Rajpootana yourself, but you have heard that the Rajpoots do use opium?—Yes, I believe, largely.

3530. In Kattywar, for instance?—I believe, largely.

3531. There would be a risk, therefore, of the population of Bengal being seriously injured if we changed our system, would there not?—I have no doubt that the present system tends very largely to diminish the consumption of opium in the Bengal districts, and if the restrictions were withdrawn I think it most probable that the consumption would largely increase.

3532. Then, supposing that there was a change of system, you would have, as you have stated, a certain very strong risk of loss of revenue, and a risk also of demoralisation of the people?—I think you would.

3533. Then, I would ask, is it not the fact that the people of India have another means of intoxicating themselves if they wish, and that they use that very liberally: I am speaking now of bhang and churrus, and those other things which they get from hemp?—Yes; those things are very much used.

3534. Then, in a moral point of view, our doing away with this monopoly of the opium in Bengal is not likely to be very effective as regards the morals of the people, because they do use this bhang and churrus very freely; and supposing that we took away the opium altogether, or took away our monopoly of it and prohibited its cultivation, even if they did not use opium they would certainly use more of the other intoxicating substances?—I think the result of withdrawing restrictions upon the cultivation of the poppy would be to lead to a very largely increased consumption of opium, but I do not see how it would lead to a further consumption of bhang.

3535. If men wish to intoxicate themselves, they would probably turn to other sources if one were shut out?—Yes.

3536. I do not know whether you have noticed the Chinese in Calcutta; do they use the opium?—Very largely.

3537. Do they smoke it?—They use it in different shapes, but they chiefly smoke it. They

Sir *C. Beadon*, K.C.S.I.

5 May 1871.

have also a sort of conserve made out of it; they mix it up with sugar and butter.

3538. That is what they call majún?—Yes.

3538*. It is the fact that experiments have been made upon the Persian opium at Bombay; was no report sent round to you on those?—I do not remember to have seen any report on the Persian opium.

3539. But I believe it has been ascertained that the Persian opium is extremely good?—I understand that the Turkey opium, which I suppose is pretty much the same as the Persian opium, is much superior in quality to the Bengal opium.

3540. Then there would be a greater risk from the cultivation of opium in Persia than from its cultivation in China, because the Chinese opium is a coarse opium?—So it is reported; but, as I said before, I think that it is much more a matter of flavour and taste than actual intrinsic chemical qualities.

3541. Have we any means whatever of putting a restriction on the opium trade from Persia; that is to say, it is carried round in English vessels, is it not?—I take it that it is chiefly in English steamers.

3542. It has not been considered by Government whether anything might be levied on those vessels?—Yes, the question has been considered; it has been the subject of discussion. I believe that it is a great object of the merchants in the Persian Gulf to be able to send their opium to China *viâ* Bombay, because there is no traffic direct from the Persian Gulf to China unless they charter a special ship for the purpose. It would require a great deal of opium to fill a ship, and their object is to get the Government to allow them to ship their opium on board steamers which touch at Bombay, and to tranship their cargo there to other steamers going from Bombay to China. Under the present law that cannot be done. If any opium is brought into the port of Bombay it is immediately confiscated; and under the present state of the law the Government cannot allow of any such trade being carried on; but I understand that there is now a proposition which is before the Government, and is being seriously considered, to impose a tax, a sort of transport duty, of 50 rupees a chest upon all Persian opium transhipped at Bombay.

3543. And in your opinion that would be a politic thing?—I think so. You may as well make what you can out of the Persian opium; you cannot stop it.

3544. You cannot stop it, but you might no doubt raise a considerable revenue from it?—I think that you ought to take as much as it is worth the while of the merchants to give you. If it is worth their while to pay 100 rupees a chest for the advantage of transhipment at Bombay, I do not see why we should not take it.

3545. It is the fact, is it not, that the opium is used a good deal in the hookahs; that there is a mixture of opium in that?—I believe there is, but in small quantities.

3546. Even in the hookahs it used to be used by the Europeans?—I believe there was a small quantity of opium mixed.

3547. It was never supposed that there was anything very deleterious in it?—No, not deleterious; it was used to produce sleep.

3548. Can you say whether the Bengal Government have ever received, or have endeavoured to procure, any regular information on this subject from China from our consuls; have reports, for instance, been sent to them?—Latterly there has been a great deal of correspondence on the subject with the authorities in China, and a great deal of information has been sent, but it is extremely contradictory, and very difficult to make anything out of.

3549. Mr. *B. Denison.*] It is the fact, is it not, that the Persian opium is sold already in China at a higher price than the Indian opium?—I am not aware; if it is so stated in the correspondence, I have no knowledge of it.

3550. It is also the fact, is it not, that while the consumption of opium in China itself is steadily on the increase, the trade of India in opium is stationary, not increasing and not decreasing?—I do not accurately know.

3551. I was about to draw your attention to this, that from the year 1830 up to 1858, the trade was steadily on the increase as long as the British Indian Government had a monopoly of the opium trade, and that from that date, since the consumption of Chinese-grown opium has been increasing, the Indian trade has become stationary?—It may be so; I have no accurate knowledge on the subject.

3552. Now I will turn to India; as regards the actual area of land under opium cultivation, is there any difficulty in keeping up the quantity of land?—None whatever; wherever the Government declares its willingness to give advances, the people are willing to come forward and take them.

3553. Do you state that generally, or do you state it with reference to the enhanced price that has been given for the opium in recent years; because there was a period when the area was decreasing?—Up to the time at which the price paid for opium was less than four rupees, the cultivation fell off, because it was not worth the while of the ryots to take advances at that rate; but as soon as the Government raised the price to four rupees and five rupees, they came forward most willingly, and the cultivation rapidly expanded. Then again, in 1866, the price was reduced to four rupees eight annas, but it has not been found that that reduction has had any sensible effect in reducing the cultivation; therefore the inference is, that four rupees eight annas is enough for that area. In 1869-70, which is of course the last year up to which we have any information, the cultivation on those terms increased largely.

3554. Then you are decidedly of opinion that the cultivation as it now stands is entirely voluntary, without any pressure or compulsion on the part of the officials?—Perfectly so.

3555. And the cultivators are entirely at liberty to throw up their land if circumstances change, and the price is not remunerative?—Perfectly so.

3556. With reference to the greater profits which may be made from the cultivation of tobacco and sugar, and one or two other things, how is it that there is a general disposition to cultivate opium in preference to those more profitable products; is it owing to the system of ready money advances, and certainty of the payment for the produce, or to what is it owing?—Those circumstances of course have their weight, but I think that in most instances the cultivation of opium is more profitable than the cultivation of tobacco and sugar.

3557. There

3557. There are some statistics here, prepared by Mr. Hampton, showing that tobacco is very much more remunerative than opium cultivation; but I was under the impression that it was the system of ready money advances that made the opium cultivation popular?—No doubt it tends to make the cultivation of the poppy extremely popular. The ryot gets the advance just at the season of the year when he most requires the money.

3558. And, moreover, his crop for the time being is by law removed from any distraint?—Yes, that, of course, is an advantage also.

3559. Have you ever had complaints made to you when in India by cultivators, of being compelled to give their land against their will for opium cultivation?—Never.

3560. Not even at the time when there was a spasmodic effort made to increase the amount of cultivation?—No, I never heard of any one being compelled to cultivate against his will.

3561. There is a very strict law against that, namely, the law of 1857, which says, "Any inferior officer who shall compel, or use any means to compel, any cultivator to enter into engagements, or to receive advances for the cultivation of the poppy, shall be liable to be dismissed from his situation," and so on?—Yes, that is the law.

3562. You have already said that there is no case within your knowledge in which that has occurred?—No, I have never heard of a case of that kind.

3563. How you account for the steadily growing consumption of Abkari opium?—The great increase has been in the province of Assam.

3564. Not in the Punjaub, where they do not smoke, but where they do eat opium?—That is not Government opium; I can only speak of the opium which is manufactured and supplied by the Government; that does not extend to the Punjaub.

3565. But as far as your own experience and knowledge of India goes, there is no particular moral evil connected with the cultivation of opium; as regards the actual cultivators of the soil, they are not a bit more degraded or debased than any other cultivators?—No, certainly not.

3566. And, in their material circumstances, they probably are rather better off; that is my experience; is it yours?—I think so.

3567. An honourable Member near me referred to some alternative mode of dealing with the cultivation: all the local authorities up to the present day, who have personal knowledge of the feelings of the people, are opposed, are they not, to anything like an acreage tax on the cultivation of opium?—All that I ever had any communication with are opposed to it.

3568. Because it would subject the cultivators to great uncertainties from the fluctuations of the tax, and also because of the inquisitorial nature of the supervision which would be exercised over them?—Those are objections; but the chief objection is, that it would be a sacrifice of revenue. You could not not get any revenue by such a tax as that.

3569 That is a difficulty, to combine any two things, the security of the revenue and the freedom from taxation of the people?—Yes.

3570. Mr. *J. B. Smith.*] Sir James Elphinstone has asked me to put this question to you: Are you aware that Turkey opium, which was once largely exported to China, is not now sent there?—I believe that what they call Persian opium is, to a great extent, Turkey opium; that is to say, it is grown in Turkish Arabia, not only in Persia.

3571. Then it is merely the same thing under another name?—I believe that a great deal of that is grown in Turkish Arabia.

3572. Sir *D. Wedderburn.*] But is it not th case, that the opium which used to fetch th highest price in the market was grown in th neighbourhood of Smyrna?—I do not know tha Smyrna opium has ever been exported to Chin if so it must have been in very small quan tities.

3573. Sir *W. Lawson.*] Did I rightly under stand you to say that the natives of India us bhang as a substitute for opium?—I do not kno that they use it as a substitute for opium, but the use it as an intoxicating drug.

3574. I think you said that if restrictions o the growth of opium were removed it would caus an increased consumption of opium in India?— Yes.

3575. Should you consider that an evil to th people of India?—Well, I think it would be.

3576. Then I think you said, in answer to on honourable Member, that some portion of th opium was used for medicinal purposes?— Yes.

3577. But is it not a fact that the bulk of th opium produced in India is not well adapted fo medicinal purposes?—I believe it is perfectl well adapted for medicinal purposes; but i Europe, Turkey opium is preferred to India opium.

3578. And, I suppose, out of 70,000 chests, could only be a very infinitesimal proportio which could be consumed for medicinal purposes —Very small.

3579. Mr. *Grant Duff.*] You mentioned, think, that a great deal of opium was consume in Rajpootana?—Yes.

3580. The Rajpoots are about the finest rac in India, are they not?—Well, they are fine stron fellows.

3581. A certain amount of opium is consume in the Punjaub, is it not?—So I believe.

3582. You have never heard that it has in an way injured the physical development of th Sikhs, have you?—No, I cannot say that have.

3583. Sir *W. Lawson.*] Why do you thin that it would be undesirable that the consumptio should be increased in India, as you said it woul be, if the restrictions were removed; what evi do you anticipate from that?—Well, of course, i the cultivation of the poppy were perfectly fre throughout Bengal, and people could consum opium for the mere trouble and expense of grow ing it, it might encourage a larger use of th drug. To that extent it would, no doubt, be in jurious to the people.

3584. Mr. *Grant Duff.*] You would say, I sup pose, that while opium, used in moderation, ma not perhaps be deleterious, when used in grea quantities (as it was in Assam, and when used b children) it is very deleterious?—That is my be lief.

3585. And it is because you do not wish t expose the general population of India to th evils which at one time prevailed in Assam that you do not want to see the cultivatio spread broadcast in India?—Yes, I should regr it.

Sir *C. Beadon*, K.C.S.I.

5 May 1871.

3586. *Chairman.*] Can you detect a professed opium-eater by his appearance?—Yes; I have seen some of the natives of Rajpootana and the Western States, who are habitual opium-eaters, and, no doubt, they have a peculiar appearance.

3587. Mr. *J. B. Smith.*] That is where it is taken in excess?—Yes, I am talking of a man who eats two drachms of opium a-day.

3588. *Chairman.*] Would it be possible to levy a tax upon bhang?—In Bengal we do levy a large tax upon bhang. Perhaps I had better go into that under the head of Abkari.

3589. Sir *D. Wedderburn.*] In 1862-63, I find that the revenue derived from Malwa opium considerably exceeded that from Bengal; the Malwa return being 3,222,000 *l.*, while from Bengal rather less than 3,000,000 *l.* was obtained; in 1868-69 the revenue from opium amounted to nearly 7,000,000 *l.*, of which two-thirds came from Bengal; what is the cause of that great relative change?—The cause is this, that in the particular year which you mentioned first, the quantity of Malwa opium exported must have been considerably larger than the quantity of opium produced in Bengal.

3590. But is there any special reason for that great relative falling-off in the amount of the Malwa opium, as compared with the Bengal opium, if it has been continuous; I name those as extreme cases?—The seasons are not uniform throughout India. Sometimes you have a favourable season in Western India and a very unfavourable one in Bengal and Behar; so that it may happen, and it does happen, that you have a redundant crop on the one side of India while you have a failure on the other.

3591. But my reason for asking the question is, that I want to know whether, while in Bengal, there is a check upon the extent of cultivation and in Malwa there is none, you consider that any special causes were at work tending to diminish the cultivation in Malwa and to increase it in our own territory; because you said before, that we were to exercise great care in limiting the extent of cultivation in our own territories, and that we had no power to limit it in the Native states; but when so large a supply comes from territories beyond our control, it would seem that we can exercise very little control over the market, even if we limit it in our own territories?—I cannot precisely state what the causes are which limit the cultivation in Malwa.

3592. *Chairman.*] The honourable Member is rather putting this: what is the use of fixing the number of chests to be exported from Bengal when we have no means of putting any limit to the quantity to be exported from Malwa?—That, of course, renders any measure taken by the Government to equalise the produce of Bengal less efficacious than it otherwise would be; but it removes one element of uncertainty.

3593. Sir *D. Wedderburn.*] Then I want to know whether there is any particular difference between the opium produced in Behar and that which is produced in Benares, because I find, on reference to the Tables in some Returns furnished to this House, that whilst almost the whole of the Behar opium is exported to the Chinese empire, as nearly as possible one-half of the Benares opium is exported to Singapore and Penang?—It is a mere matter of habit.

3594. Have you heard that there was a scheme for establishing a line of French steamers to ply direct between Persia and China to convey opium?—No, I have not heard of that.

3595. Are you aware that in February 1870, 2,000 chests of Persian opium were landed in Hong Kong?—I know that last year there was a large importation of Persian opium into China.

3596. Mr. *Beach.*] You stated that in Bombay, and in some other parts of India, no system of advances prevailed; I want to know whether you attribute the want of that system to the falling-off of the revenue?—No; advances are made in Bombay and in the Native states, but they are made, not by Government but by private individuals. The falling-off in production is not a permanent or steady falling-off, but merely casual in certain years, and it depends, I take it, entirely upon the seasons, and nothing else.

3597. The sale of opium, I think, is conducted by private auctioneering firms in Calcutta?—For many years the Government employed an auctioneering firm in Calcutta to sell the opium, and they received a commission upon the sale of the opium.

3598. Does not that prevail at present?—I think not. I think it has been changed, and it is now sold by a Government officer. I should like to mention to the Committee the existence of these "Finance and Revenue Accounts" which have been published in Calcutta, and which contain the very fuliest statistics upon all questions of salt and opium.

3599. *Chairman.*] What is the date of those?—They were published in Calcutta in 1870. It is a Government publication.

Sir FREDERICK JAMES HALLIDAY, K.C.B., called in; and Examined.

Sir *F. J. Halliday*, K.C.B.

3600. *Chairman.*] WILL you kindly state what principal offices you have held in India?—I went through the usual career of the service in the administrative departments in the interior, until I became Secretary to the Board of Revenue; then Secretary to the Government of Bengal; then Secretary to the Government of India; then a member of the Council of India; and then Lieutenant Governor of Bengal, after which I retired.

3601. You are now a member of the Council of the Secretary of State?—Yes.

3602. Have you heard the evidence that has been given by Sir Cecil Beadon?—I have heard the whole of it.

3603. Do you concur in the opinions which he has expressed?—Entirely. I do not know that I have anything to add to his evidence in any way, or that I have in any respect to differ from it.

3604. Sir *D. Wedderburn.*] I should like to know whether, in any part of India, you have heard of diseases being prevalent among the natives from an inadequate supply of salt?—Never.

3605. Mr. *J. B. Smith.*] Is it your opinion that the tax on salt is a judicious tax?—There is a great deal to be said against it in the abstract. I daresay, in the eyes of political economists, it may have many faults; but it has, with us in India, some very remarkable merits: one is that it exists, which in India is a very great merit, and

and has existed for a long while. In India, an old tax, even though you may, theoretically, find great fault with it, is better understood and better taken by the people than a new tax which is faultless with political economists; that is a rule: and the salt tax has this in its favour: that, being long established, the natives understand it, expect it, and believe in it, and never make a complaint against it. I myself have never heard a native complain against it. I have often heard them ask, "Why, when you want money for this or that purpose, do you not, instead of putting new taxes on us which we cannot understand, increase the salt tax?" They constantly ask us that question to this day, for instance, with regard to the income tax. A colleague of mine inquired, the other day, of the celebrated Dr. Duff, the missionary, whose knowledge of the natives is very complete, and he told him that, never in all his experience did he hear a complaint against the salt tax, and he had heard a good many complaints. That is saying a great deal in favour of a tax which, theoretically, may have something to be said against it. But there is also this to be said, which has been said by Sir Cecil Beadon, that it is very nearly the only tax which falls upon the people at all. If you were to remove that tax, or any part of it, you would only have to substitute another; and that other, even though, to our ideas, it would be more acceptable, would be almost certainly unacceptable to the natives. It must be understood that, in all our financial and fiscal operations in India, we have to deal with this particular difficulty, that the native hates change; he does not care much about what may seem oppressive to you, if it is old and habitual; but, if you oppress him in a new point, then he complains.

3606. You are of opinion that the natives themselves have never considered this an oppressive tax?—Never; far from it.

3607. Since you have had railways and canals and rivers opened, is it not a fact that the price of salt has been reduced?—Very much reduced.

3608. And, therefore, if the rate of wages has increased three-fold, and the price of salt is much diminished, the tax has been, in fact, lowered?—It has been lowered one-half to the people, no doubt.

3609. Mr. *Lyttelton.*] Then why do not you take the natives at their word, and increase it?—At this present time it is, or up to a very recent date, it was a controversy in India whether, in place of the income-tax, which was very much disliked, and other taxes which were threatened, if not imposed, to which the natives had the greatest possible objection, it would not be better to improve a higher salt tax; but in these days the English ideas of government are very apt to prevail over the old Oriental ideas in India, and they do prevail in the matter of salt, and the tendency of the Government in India is rather to reduce, if they could, the tax upon salt than to increase it; acting generally upon the principles and the opinions prevalent in this country.

3610. Your individual belief is, that we might increase the tax very well without restricting the consumption of salt?—I believe you might. The tax is at present highest in Bengal. The inquiries that have been made regarding the salt tax have shown conclusively that the salt tax is nothing more nor less than a poll tax. Owing to the great simplicity of the habits of the people, and their generally uniform habits as to diet, the consumption has no great tendency to rise if you lower the duty, or to fall if you raise it. Of course, if you raised it beyond a certain point it might fall off, but hitherto we have not found that; on the contrary, lately we have increased the duties, and the consumption has increased with the increase of the duties. And therefore it comes to this, as Sir Cecil Beadon told the Committee: the people on the average, man for man, consume every one a like quantity, and it becomes, as I say, a simple poll tax. Then the question naturally must arise, if the salt tax is a poll tax upon the population, why should the population of Bengal pay a higher poll tax, more than double the poll tax that is paid by the Madras population or the Bombay population, and I think it is a question that can only be answered by experiment. The limit, of course, of our increase in every case must be the toleration of the people and the action of the smugglers; there is nothing else to limit it.

3611. You never made an estimate of the possible increase?—No, and I do not think it is in anybody's power to make such an estimate; it is a thing that must be determined by experiment. They have actually done it, and have been doing it for some little time past: in Madras and Bombay they have been gradually putting it up till it is now 1 rupee 13 or 14 annas. I think at one time it was 8 annas; there was a doubt whether the people would stand the increase, and the doubt was always solved in our favour; and I believe it would be a wise policy, without talking much about it, to raise it little by little, until you found that the people were equally taxed with those in Bengal, who are not better off, but rather worse off, than the ryots of Bombay and Madras.

3612. We are diminishing the tax, in point of fact, are we not?—No, it is now 3 rupees 4 annas in Bengal, and 3 rupees in the North-Western Provinces; but the tendency of the last discussions upon the subject, which are not two years old, has been to encourage the Government to reduce it, to equalise it by reduction rather than to equalise it by raising; I do not agree with that myself.

3613. Mr. *J. B. Smith.*] You are aware that there is a considerable party in this country who consider the tax very oppressive on the Indian people, and they have held meetings propagating that notion; but you state that, from your long experience in India, you are of opinion that it is not so considered by those who pay the tax?—Most assuredly no person with the smallest experience of native opinion would say that they ever complained.

3614. Mr. *Lyttelton.*] I think Sir Cecil Beadon said that four rupees in his opinion was about the highest point that the tax could be raised to, is that your view?—I should not pretend to state beforehand what I could raise it to, but I would screw it up by degrees. I do not mean that I would begin with Bengal, where it is highest.

3615. Mr. *J. B. Smith.*] Probably you would not think of imposing any increased tax, unless there was some imperative necessity for it?—Certainly not; or unless by that means I could remove a tax which I found really did oppress the people, and to which they had a strong objection.

3616. Mr. *Cave.*] Is salt used in India for any

Sir *F. J. Halliday*, K.C.B.

6 May 1871.

except domestic purposes; is it used for agriculture, for instance?—I do not know that it is used at all for agriculture; it is used slightly for cattle, but not to the extent that we should suppose it would be used; and it is not used at all for manufactures; that is to say, for salting meat or anything of that kind.

3617. Is it used for curing fish?—It is a little in Bombay, I am told; in Bengal not at all.

3618. There is no great industry in India for salting fish?—No.

3619. But fish are very abundant?—Yes.

3620. Would it not occur to you that the tax on salt is an impediment to its being used for these purposes?—If I saw any reason to believe that it was an impediment I should act accordingly; but I have never seen anything to cause me to suppose that such was the case. Nobody in India salts his meat; the climate will not allow of it. As for salting your fish, before you can get your fish dry the fish is rotten; the climate will not admit of it. The people dry their fish in the sun, or eat it, I am sorry to say, in a putrid state, but never think of salting it.

3621. Would they not give the salt more to cattle if it were cheaper?—If they would they would probably tell us so. They do not complain that they are shortened in their use of salt for cattle by its price; and if it was so, it would be a thing very fairly and closely to consider.

3622. Do you think that in no agricultural operations would it be used more if it were cheaper?—I think not; and we have had experience of that. Sir Cecil Beadon mentioned that during certain years the salt-tax was reduced from 3 rupees odd, to 2 rupees 8 annas; that was practically my own doing. I did it in the expectation, the foolish expectation as it turned out, that there would be a large increase of consumption, and an equality, or perhaps even an increase, of revenue. Nothing of the sort took place; it produced no effect at all, and after it had had the fullest possible trial and experiment it was given up. That is an actual case in point.

3623. Sir *D. Wedderburn.*] I suppose you would consider that the limit of taxation was reached the instant that any diminution in the consumption took place?—Certainly; as soon as any pronounced diminution in the consumption took place I should say that the limit of taxation had been exceeded.

3624. Sir *W. Lawson.*] Do you know the average consumption of salt per head throughout India?—It has been inquired into, and I think it was made out that the average consumption of salt per head was about 12 lbs.

3625. Mr. *J. B. Smith.*] That is for all India?—Yes.

3626. Sir *W. Lawson.*] Do you happen to know what the consumption is per head near the coast, where they can get it cheaper?—No. I am not myself cognizant of the details of those inquiries which were made after I left India, but only of the result of them; and the result was as I tell you, that, one man with another, they found that they consumed, on the average, 12 lbs. per head.

3627. It has been stated that, whilst where salt is cheapest, near the coast, the consumption is upwards of 20 lbs., the average was, a short time ago, under 10 lbs., showing that in considerable districts it must be as low as 5 lbs. Do you think that that is a fair statement?—No, I do not think that it is a fair statement. I think it is an inaccurate statement probably, but it would be very easy to test it. The papers of the inquiry are forthcoming, and it would be very easy to see whether the inquiry was fair and complete, and whether the result of the inquiry was correctly stated or not.

3628. But if it were so, and if an article like salt were in some parts consumed to the extent I have mentioned, that would show that the consumption was restricted by the tax, would it not?—Distinctly.

3629. Mr. *J. B. Smith.*] But might it not so happen that the average consumption of salt on the coast, where there is an abundant supply of fish, would be affected by that circumstance?—They do not salt their fish much.

3630. Mr. *Bourke.*] I believe that it has sometimes been suggested in India that throughout our territories the salt-tax should be equalised?—Yes.

3631. Now, I apprehend from your evidence that you do not attribute much importance to that equalisation as a financial measure?—I do not know if you heard me say just now that I did not see why, the salt-tax being a poll-tax, the people of one part of India should pay a higher poll-tax than the people of another part of India, other things being equal. Therefore my tendency would be towards equalising. I do not mean that it is at present possible, but it is a thing to look at.

3632. Equalising it by raising it?—By raising it where it is low, rather than by lowering it where it is high.

3633. Would the equalisation of it have any effect in reducing the expenses at all with regard to the customs line?—It would depend a good deal upon how it was done. If the salt of Madras and Bombay could be brought up to an equality, or even nearly an equality with that of Bengal, you might take off a very large preventive line; the line that is now in existence between Madras and Bombay, and Hindoostan, you may say.

3634. Mr. *Beach.*] There might be this reason, might there not, for requiring a rather larger tax to be levied in Bengal than in other parts of India, because in Bengal you have the permanent settlement existing, and therefore, it being impossible to raise a larger amount by means of the land revenue, it would be necessary to raise revenue by other means?—Yes; only that you cannot look upon the salt-tax in that local way precisely. If you put it in this way, that because the people of Bengal, by means of the permanent settlement, are more highly taxed or less highly taxed, therefore the salt-tax should be higher or lower in Bengal, I could answer the question; but putting it in that way, you put it as a general tax all over India, and I am not sure that I know the sort of answer that you would expect.

3635 When it is impossible to increase the land revenue in proportion to the increased prosperity of the people, it is necessary to make up the amount by some other means?—Yes.

3636. And the salt-tax having been generally stated to be an equitable tax, and not oppressive to the people, would it be fair to levy rather a heavier amount on the people of Bengal than on other parts of India, where it is possible to increase from time to time the land revenue?—I think that there is a great deal in that; and I think

think it is very probable that that very circumstance is the one to which we owe the difficulty in raising the tax in Bombay and Madras to an equality with that of Bengal. The people have a right to turn round and say: we are taxed as regards our land revenue more highly than you in Bengal, and for that very reason we cannot afford to pay a higher salt-tax. I think it very likely that in practice, if you came to push it, you would find yourself met with that difficulty.

3637. Mr. *Grant Duff.*] The recent raising of the rate at which the salt duty is levied in Bombay and Madras has not, so far as you have heard, excited any discontent?—Not the least that I have heard of.

3638. Some questions were put to Sir Cecil Beadon by the honourable Member for Brighton, which I think you heard, about the uncertainty of the opium revenue?—Yes.

3639. The Government of India is perfectly aware of, and has long carefully watched, the fluctuations of the opium revenue, has it not?—No doubt; it is a matter of too great importance not to watch it.

3640. But there are, are there not, two schools of financiers in India; one which considers that although the opium revenue will violently fluctuate in the future, as it has done in the past, it will never really fail us; and another which considers that the recent fall was a warning of a very serious financial danger about to come?—Yes.

3641. But you would say, I suppose, that we have hardly sufficient data to enable us to come to a very positive conclusion as to which of these two schools of financiers is in the right?—Well, I think that we have got data enough to make us look at the matter with the most careful attention. I myself look upon the prospects of the opium revenue to be very alarming; in that sense I am of one school rather than the other; I am of the school that anticipates the worst consequences as to the opium revenue from the increase of opium cultivation in China, and from the increased importation into China from Persia.

3642. What I wished to bring out was, that the two opinions are held, and both held by very able Indian financiers; that is the case, is it not?—Quite so.

3643. I suppose we do not know very accurately the statistics with regard to the production of opium in China?—No, but we have been informed upon the best authority what we could have resorted to; I think the words used by Sir Rutherford Alcock are, that it is an undoubted fact that the present amount of opium produced in China is very large, and that it is greatly increasing. He uses very strong language upon the subject.

3644. Have you formed any opinion as to the remarkable rise in opium in this very last year?—It is one of those things upon which it is extremely difficult to form an opinion at all; the price of opium is governed by so many considerations, the demand in China, the state of exchange, the money market, and a hundred and fifty things besides the opium crop itself. Generally speaking, we see that where the crop has fallen very low one or two years before, and the exportation from India has been consequently small, then, as we should expect, the demand and the price rise together in the following years, but it is not invariable, although that is the general rule, I should say, no doubt.

3645. What is the lowest point to which you recollect the opium revenue having fallen when you were in India?—I have seen it down at 700 rupees a chest, if not even a little lower. I find that it was 537 in the year 1838-39; that was the price in Calcutta, and for many years it was very low.

3646. Was there as much alarm about the opium revenue then as there has been recently?—No; but what has really created the alarm is the discovery of this production in China. It is perfectly clear that if the production in China should continue, and if they can contrive to make opium as suited to the Chinese taste as we do in India, we shall be beaten out of the field.

3647. Mr. Laing and Mr. Massey held the sanguine view about opium, did they not?—I think they did.

3648. And Sir Richard Temple, if I recollect right, has taken the other view?—He has taken certainly the other view.

3649. And you would say, I suppose, that the Government of India at home has expressed pretty much the view which you have expressed, in so far as it has expressed any view?—I think so.

3650. Sir *W. Lawson.*] But the consumption in China is also increasing very much along with the cultivation, is it not, so that there is a demand both for the Indian opium and for the home-grown Chinese opium?—Speaking for the finances of India, I earnestly hope it may be so.

3651. Is it the fact that the consumption of it is spreading immensely in China?—I suppose it is because a considerable quantity has been taken off in addition to this home cultivation, and the importation from Persia.

3652. Sir *J. Elphinstone.*] Was not the time which you mentioned, when the price of opium was so low, coincident with the time when Commissioner Lin seized the opium and burnt it?—That would not account for it, because in other years the same phenomenon occurs; it goes down again and then rises suddenly. Between 1850 and 1859, there are five years of extremely small prices.

3653. Mr. *Bourke.*] For how many years has the Persian opium been imported into China in large quantities?—In my day, I never heard of the Persian opium. It is a discovery of late times entirely. It is alluded to in a publication in Calcutta, a collection of papers relating to the opium question, in which all the information that exists regarding opium in China and Persia and elsewhere has been collected, and a great deal of correspondence and discussion upon the most interesting parts of the opium question; and it is from those that I have derived myself the knowledge which I possess about the Persian opium, which is very small after all.

3654. But it has only been within a very few years that the growth of Persian opium has disturbed our calculations with respect to price?—It is only within a very few years.

3655. And has the growth of the Persian opium been pretty well contemporaneous with the increase in the growth of China opium?—That I cannot say.

3656. When you speak of alarm with regard to our opium revenue, is that alarm produced by apprehensions which you may feel with regard to the growth of Persian opium, and the home China opium?—The Persia and the China opium are things that are just now staring us in the face; it may eventually come from other places,

Sir *F. J. Halliday*, K.C.B.

5 May 1871.

from Java, for instance; but those are the two things staring us in the face now.

3657. But hitherto the phenomena that have disturbed our calculations have been phenomena over which we have had some control; we were able to bring back the price?—Yes, by manipulations in our own territory. But this is to a great extent beyond our control. It occurs to me that it may be indirectly within our control, both the Persian growth and the China growth.

3658. Would you state to the Committee how?—As regards the Persian growth it is, perhaps, a very trite suggestion; but I think it would be very obvious to put it into the head of the Persian Government to inflict an export duty; it is a suggestion that they would be very likely to adopt, and it might do a great deal of good in interfering with that trade, at all events limiting it. Further than that, with regard to the China production, I would first of all desire to have more accurate information. What we have not accurate information about is the difference of quality between the China opium and our opium. If the China opium is so inferior in quality, and likely long to remain so, as that there will always be a very large difference in price, I do not think that it is likely to do us any harm for a great many years to come, if at all; it is like poor wine against good wine. But if it be the case that they are improving in the cultivation in China, and that soil and climate are likely to enable them to make their opium as good as ours, then I think that our position is very critical.

3659. Did I rightly understand you to say that the opium raised in China is chiefly consumed in China?—I believe entirely.

3660. Then an export duty in China would have no effect on this question?—None whatever; it was as to Persia that I suggested that. I should say that there are some remarkable papers towards the end of that book to which I have already referred, which the Committee may not have seen, which tend to show that the Chinese Government are deliberately and wilfully, and of set purpose, encouraging the growth of opium in China, with a view to revenge themselves upon us, and to stamp out our opium revenue; that they are openly and avowedly doing it with that purpose. And if they have that purpose, they are a sharp and clever people, and they may do us a great deal of harm.

3661. Mr. *Lyttelton.*] Does not the Emperor's edict, prohibiting the growth of opium in China, exist?—No, it has been specially dropped for the purpose of meeting us, and putting an end to our trade.

3662. Sir *J. Elphinstone.*] You are aware that there was formerly a large import of Turkey opium into China?—Yes, as was said by Sir Cecil Beadon just now. He believed that that Turkey opium was the same as the Persian opium. I do not know enough to say as to that.

3663. It was, as a matter of fact, shipped at Smyrna, and sent round the Cape?—Yes.

3664. That Turkey opium has disappeared, has it not?—I do not hear of it now.

3665. It amounted to 11,000 chests, if I recollect right?—Perhaps so.

3666. Do you know the provinces in which this Persian opium is grown?—No, I do not. However, in that book which I have alluded to, but which I have not had time to go through completely, you would find a good deal of information upon all those points.

3667. Mr. *Bourke.*] Did the opium revenue of last year exceed the estimate a great deal?—Yes, very greatly.

3668. Can you give the Committee any reason for that?—Well, the reason for that is really that which is at the bottom of much of the difficulty of our opium revenue altogether. You heard Sir Cecil Beadon say that upon his advice the Government had come to the determination of bringing to market in Calcutta, every year, from 48,000 to 50,000 chests, so that the supply might always be equal, and of giving out that they intended to do all this, so that the public, and the merchants in India, and in China, might know that the quantity brought to market would always be the same; and in order to do this, he said that we had nothing to do but gradually to collect a reserve of about 10,000 chests. This advice of Sir Cecil Beadon's was followed; he retired, and went away to England. The very first year that it was attempted it broke down, for reasons which are an answer to the question you have just put to me. The opium agents are called upon at the beginning of the season, say about April, to estimate what the crop will be, and what the out-turn will be for the season coming, and they do it to the best of their ability, looking at the acreage and the state of the crop, and so on. In April of the year following this suggestion, made by Sir Cecil Beadon, and adopted by the Government of India, and highly approved by the Secretary of State here, the opium agents reported that they could with ease bring to market in the season 48,000 chests; and, accordingly, the Government notified to the public that they would bring to market 48,000 chests of the season's production. Luckily, they put in, "provided that such an amount be produced." In July the agents were obliged to say that, owing to hail-storms and drought, and one thing and another, the supply, instead of being 48,000 was not 38,000 chests. A great uproar arose in Calcutta; and the merchants rose, not as one man, but as half a dozen men, because each one had a different opinion about as to what ought to be done. Some said, "You must, somehow or other, produce the 48,000 chests; if not out of this season, you must take it out of the next season" (which the Government can do, but it is burning the candle at both ends). Others said "No, certainly not; if it is only 38,000 chests you ought not to produce more than you have been able to cultivate." It ended, I think, in the Government taking the amount out of the next year, and, luckily, the next year was a bumper; so that they were able to fill up the vacuum. But that showed that Sir Cecil Beadon's suggestion was, after all, impracticable. The truth is that it is a singularly precarious crop, and the slightest thing alters the consistency of opium; drought, much rain, hail storm, wind—anything will alter it; and you never can tell till the end of the season what the out-turn will be; so that you are always liable to have more than you wanted or less than you wanted.

3669. Is there any powerful body of men in India who really wish to see the Government monopoly of opium done away with altogether, and to substitute for it a general excise duty?—No; I think that, if there was a powerful body of men in India, or in England, who cared a bit about it, it would be done to-morrow. There was a powerful

powerful body of people who were determined to put down the salt monopoly. I am old enough to remember it in its full force, when the Government did its utmost to keep out the English salt, and the English salt dealers determined, somehow or other, to put down that monopoly. All sorts of frightful consequences were predicted as the result of putting it down; but the end of it was that the salt monopoly was put down, and the salt is much cheaper, and the people have a great deal more of it; and the result has been highly favourable, and it has quite falsified all the apprehensions of those officials who opposed it so long. No doubt they opposed it for honest reasons, but they turned out to be wrong. So with regard to the opium monopoly; if any great interest was to determine to put down this monopoly, for the sake of allowing that interest to get into, and to work it themselves, I have no doubt it would be done before long, whether the interest was in India or in England.

3670. Mr. *Grant Duff.*] Perhaps the Committee ought to have their attention directed to a remarkable paper of Sir John Peter Grant's, taking the opposite view on that subject?—I have a copy of it; but it does not take an opposite view.

3671. But a different view?—I do not think that Sir John Peter Grant would ever have differed from me in this, that if a great interest were to start up to meet the opium monopoly it would be put down. I am not saying that it would be right to put it down; but only that if the great English interests, for its own sake, were to determine to put it down, it would be put down.

3672. I do not understand then you to express an opinion against the opium monopoly itself?—No, I have expressed no opinion whatever.

3673. Mr. *Bourke.*] Do you object to express an opinion on that point?—Not in the least.

3674. Do you think, as a matter of financial policy, that it would be advisable for the Government to abandon altogether the growth of opium, and let the growth be free throughout the whole country, and then substitute for their former system a system of excise and export duty?—Well you know that is a very large question. There are three reasons, and only three, that have ever been given for keeping up the present monopoly; they are very powerful reasons; they are given in as forcible language as possible, far more forcible than any that I could employ, in a Minute of Sir John Peter Grant's, dated, I think, 1862, when this question was discussed. People are continually raising the question in India; it is raised and discussed and dropped, and raised and discussed and dropped at intervals continually. This was one of the raisings of this question, and Sir John Peter Grant was referred to naturally; he was then the Lieutenant Governor of Bengal, and he wrote a Minute on the subject, in which, as I have said, the reasons against making any alterations are stated most forcibly. The Minute itself should be before the Committee; it is at the command of the Committee, and is to be got at the Indian Office at a moment's notice. I will now simply summarise what Sir John Peter Grant has said, which the Committee can read more at length afterwards. His objections, though very tersely put, are the objections that ever have been put forward. There are three great and serious objections to putting an end to the system of monopoly in Bengal. One objection is, that you would not be able to prevent a very large system of smuggling without an amount of preventive service and preventive operations, which would be very expensive, and very harassing to the people; that is objection one. Objection two is, that it would be followed (it is part of objection one) by an increasing consumption of opium amongst our own people. And objection three is the most difficult to get over of any. You see, as Sir Cecil Beadon has said, our receipts from opium in Bengal consist of two things: they consist of the duty, and they consist of the manufacturer's profit. The manufacturer's profit may be 300 rupees a chest, or it may be 400 or 200, but it is very considerable. Why, nobody asking for it, should we hand over that to anybody else? It is of enormous consequence just now to us. If we lost it we should have to impose to that extent, which means from a million and a half to two millions and a half additional taxation on the people, regarding which we are already at our wits end. And why, when nobody asks us for it, we should scatter that to the winds, hand it over to A. B. C., or give it up altogether, I am unable to see. As to the two first arguments, I am constrained to say that I see nothing in them. I think it would be perfectly easy to put down smuggling under an excise system, and that it would be done without any larger preventive service than we have now, or harassment to the people, and with that you would prevent the anticipated greater consumption by our own people. Therefore I attach no importance to those two objections. But to the third I attach the greatest possible importance, and until anybody can show me how that two millions or more can be supplied, I should think it a rash Government which would fling it away.

Sir *F. J. Halliday*, K.C.B.

5 May 1871.

3675. With regard to those financiers who are in favour of doing away with the Government monopoly, do you know how they meet the difficulty which you have just suggested, that is to say, how they meet the difficulty raised by this great vacuum in our finances which would be caused by the abandonment of the growth of opium?—I should tell you, that lurking in my mind, after all that I have said, there is a doubt; and that doubt shows what would probably be said by persons who desire now, on grounds of political economy, simply to put an end to the present system; but this is the merest speculation, it would not do to act upon it at all. You see that we are now perhaps face to face with the destroyer of our opium revenue; it may be looming in the distance. If this home production in China and in Persia, and elsewhere, is likely to turn us out of the market, then what is the best chance we have of saving the market? Why the best chance of saving the market is to make as much opium as ever we can, and send it to China as cheap as we can. Mind, the first proposition is not established yet as a fact that the China production, or any other production, will supersede ours; that depends upon a great many inquiries which have not yet been made. But take that supposition, and then one would say, the only way to meet the case is this: as they have now a taste for our opium, do not let them get a taste for another; send as much as possible into the market; never mind its going into the market at a low price; by keeping up the price you are killing the goose that lays the golden eggs. So that I can conceive of a financier saying, far better save half than lose the whole, and perhaps, after all, you

Sir *F. J. Halliday*, K.C.B.

5 May 1871.

may save the whole, that is to say, let private enterprise go into the market and manufacture; private enterprise will be quite certain to double the exportation; the amount grown in India will be doubled or trebled; the amount sent to China will be doubled or trebled; let us hope that in this way you may recoup your loss, and if you do not, at any rate you save revenue which otherwise you may lose for good and all. There is a great deal in that deserving to be weighed before any one comes to a determination on the subject.

3676. But at present would you advise any alteration?—At present it would be most rash, on the information which we now possess, to make any alteration.

3677. Sir *W. Lawson.*] Do you happen to remember the date of the revocation of the Emperor's edict?—No, I do not; it is alluded to in those papers which, I think, would be in the hands of the Committee.

3678. It is within a year or two, I suppose?—Yes; it is said in those papers that the Chinese Government, to meet us, are encouraging the cultivation of opium to the utmost of their power.

3679. But that is modern?—Comparatively.

3680. Sir *J. Elphinstone.*] You are not perhaps aware that opium is a great necessary of life in China?—I suppose in one sense it is; they cannot do without it, and they will not do without it. If we do not give it to them somebody else will; they will have it.

3681. Have you ever been in China?—No.

3682. You are not perhaps aware that the food of the Chinese requires a corrective, and that nature points out opium as the best corrective of the half putrid food that they eat?—No.

3683. You are not aware that dysentry and complaints of that sort, are more rare in China in consequence of the use of opium?—No.

3684. Sir *D. Wedderburn.*] Have you any acquaintance with the Straits Settlements?—I have been in them; I have not much acquaintance with them.

3685. There is a large consumption of opium there, is there not?—Half of the population in the Straits Settlements is Chinese; they bring their opium-consuming habit from China, and carry it on there. But I can bear this testimony, that they are a most remarkable population for industry and usefulness; the Chinese population of the Straits are one of the finest populations that I have had to deal with.

3686. And it is they who consume the opium, not the natives of the country?—It is they, not the natives of the country.

Tuesday, 9th May 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Grant Duff.
Mr. Baring.	Mr. Eastwick.
Sir Thomas Bazley.	Mr. Fawcett.
Mr. Beach.	Mr. Robert Fowler.
Mr. Birley.	Mr. Hermon.
Mr. Bourke.	Sir Wilfrid Lawson.
Mr. Candlish.	Mr. Lyttelton.
Mr. Cave.	Mr. M'Clure.
Mr. Cross.	Mr. J. B. Smith.
Mr. Beckett Denison.	Sir David Wedderburn.
Mr. Dickinson.	Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Sir THOMAS PYCROFT, K.C.S.I., called in; and Examined.

Sir *T. Pycroft*, K.C.S.I.

9 May 1871.

3687. *Chairman.*] WILL you be good enough to state what offices you have held in India?—I held various appointments in the Revenue and Judicial Departments, for the first 10 years of my service; after that I was successively Secretary to the Board of Revenue, Secretary to the Government in the Revenue and Judicial Departments, Chief Secretary, and then Member of Council at Madras. I retired from the service and left India in 1867.

3688. You are very cognizant with the mode in which the salt revenue has been collected in Madras, I presume?—Yes.

3689. Will you be good enough to state what has been the course of the Government of Madras in the levying of that branch of revenue?—In Madras, since 1805, the revenue has been collected through a monopoly. The sale and manufacture of salt are in the hands of Government. In the beginning of the season the Government contract with the manufacturers at the different salt works for the quantity of salt required, which is then brought into store by the manufacturers; it is stored on the Government platforms, and sold in due course to the dealers at the monopoly rate, which at present is two rupees a maund.

3690. The Government taking upon itself all the risk and expense of manufacture?—The manufacturers are bound to deliver certain quantities of salt at certain rates, and after they have delivered that on the Government platforms, then the rest is at the risk of the Government.

3691. Mr. *J. B. Smith.*] What was it before its present price?—One rupee 11 annas.

3692. *Chairman.*] Is that manufacturers' monopoly regulated by a statute in the nature of a regulation?—Yes, there are regulations which prescribe the course to be followed.

3693. And prohibit any person from manufacturing except with the license of the Government?—Yes.

3694. Will you state how the Government make those contracts for manufacture with the natives?—They determine for each salt work how much is required, and then they arrange with the salt manufacturers, giving each what they consider to be a fair proportion to manufacture. It is then produced in due time by the manufacturers and stored on the Government platforms.

3695. Do they set out a given quantity of land for each person?—No; what they call the salt pans or salt beds, are already provided, and each manufacturer has so much belonging to him; on those he produces as much salt as is required.

3696. He is the owner of the pans?—Yes.

3697. Does he deliver the salt to the Government by weight or measure?—It is delivered to the Government by measure, and sold again by the Government, except for export by sea, by measure.

3698. And how is it sold when it is for export by sea?—For export by sea it is sold by weight, because it is usually taken to Calcutta, where it is sold by weight.

3699. When salt is exported, do the Government take any profit for the manufacture?—No, they put it on board for prime cost and charges.

3700. How do they fix the rates which they pay the manufacturers?—They vary according to custom.

3701. There is no competition?—No, there is no competition. The Government assign to each man how much he is to manufacture for them, and he manufactures accordingly.

3702. And do they fix the rate at which he is to manufacture?—Yes; that is to say the rate is the old established rate, usually speaking; it goes on from year to year.

3703. Can you state what the rates have usually been?—They vary so much that it is hardly possible to say; but I can say, generally, they vary from 5 rupees to 12 or 14 rupees by the garce, which is a local measure, equivalent to about four tons and-a-half. There are some rates over 12 rupees, but that is altogether exceptional.

3704. Mr. *J. B. Smith.*] Is the Madras maund the same as the Calcutta maund?—Yes; it is the Indian maund. The local maund varies, but not the Indian maund. The Madras local maund is only 25 lbs.

3705. *Chairman.*] Is that sold by the garce wholesale to the merchants?—Yes; it is sold either by the garce or by a measure, which is the four-

Sir *T. Pycroft*, K.C.S.I.

9 May 1871.

four-hundredth part of a garce. The small quantities are sold by the smaller measure, and the large quantities by the garce.

3706. Do the Government take any steps to distribute the salt throughout the Presidency, or do the dealers come to the place where it is made and buy it there?—The dealers come to the place where it is made and buy it there, and sell it where they can. There is one exception, that is up a river in Canara; the Government send the salt so as to meet the traders; they form a depôt up the river for their convenience. That is the only exception. That depôt is a few miles up the river, for the convenience of the traders, and to prevent them from having to come down to the coast.

3707. Mr. *J. B. Smith.*] Do they charge the same price to them as to those on the coast?—Yes, I think they do; but the cost of transport a few miles up by water is very small.

3708. *Chairman.*] Is there any salt that is found spontaneously evaporated on the earth or otherwise?—Yes; in some parts of the coast where the land is low the swamps are occasionally inundated by high tides; the water is then prevented from returning and allowed to evaporate, and that produces salt.

3709. Is that also collected under the system of monopoly?—Yes, that is collected and brought to the platforms. It is very good salt, and is stored in the same way.

3710. Is there any convention under which Government delivers a certain quantity of salt to the French Government?—Yes; the French Government have agreed not to manufacture salt or opium in the territories attached to their settlements, on condition of the Government making them an annual payment of four lacs of Sicca rupees, about 40,000*l.* There are no salt works in the French settlements. The British Government, therefore, supplies them with what salt they require for local consumption, and they then, on the other hand, are bound not to sell it below the Government rate.

3711. At what rate is it delivered to the French Government?—At prime cost and charges.

3712. Can you state what has been the growth of the salt manufacture under this system?—Not from the beginning of the system; but I can state what has been the increase during the last 20 years. I find that in 1850 the quantity sold (the manufacture varies in different years) was about 49 lacs of maunds. It continued to increase to the year 1868-69, when it was 67 lacs 5,865 maunds. The next year it fell off; but the reason of that was, that the price was suddenly raised from 1 rupee 11 annas to 2 rupees, and that for a time checked the sale.

3713. During the 20 years that you have mentioned, was there any change in the price of the salt?—Yes; in the first nine years of that series the price remained 1 rupee per Indian maund. It then rose in 1860 to 1 rupee 2 annas.

3714. What was the effect of that change on the sale?—The sale in the year in which the change occurred was 57 lacs 98,592 maunds. In the next year the price was raised again from 1 rupee 2 annas to 1 rupee 6 annas; but there was an increase, the sales for that year were 60 lacs 74,761 maunds. But I should mention that just about then the railway came into play, and there were about 200 miles of it open; I allude to the Madras Railway, which runs right across the continent.

3715. Do you think that that compensated for the increase of sale price, by carrying it into the interior?—I think so; because the sales continued to increase in spite of the rise in price.

3716. Can you state what quantity of salt is carried into the interior now by the railway?—In the last year, that is to say 1870, there were 17 lacs 31,844 maunds carried by railway into the interior.

3717. Do you suppose that that is carried now cheaper by railway than it was formerly?—Very much. The charge by the railway is a penny a ton per mile. It certainly would have cost 4*d.* or 5*d.* to carry by bullock cart.

3718. Mr. *J. B. Smith.*] That is to say, it is carried at one-fourth the price by railway?—Yes.

3719. *Chairman.*] Do you recollect that a report was made on the salt monopoly at Madras in 1856 by a Commission appointed in India?—Yes.

3720. Do you know whether the Government took that report into their consideration?—No, I do not think anything was done upon that immediately. In that report Mr. Plowden recommended that an excise should be substituted for the monopoly, and that is now being done; but I do not think that anything was done immediately, the thing lay over for a considerable time.

3721. What steps have been taken recently to give effect to that?—An Act has been passed by the Governor and Council of Madras, and has been sent to the Governor General, and I daresay by this time it has received his assent.

3722. Was that Act framed on the same footing as the law of Bombay?—Yes, much the same.

3723. So as to assimilate the two systems?—Yes.

3724. Have you considered the probable effect of that Act?—Yes; the effect expected from it is, that it will adapt the supply more nearly to the demand when the people are allowed to manufacture themselves, and there is free trade in that respect; and also that as the salt can be made at cheaper rates than the Government buy it at, and will be made at those rates, the purchaser will get the benefit of the difference. Then of course there is the general advantage of an excise system as against a monopoly in public estimation.

3725. Do you think, on the whole, that the community will be able to manufacture and sell the salt cheaper than the Government did?—I think they will.

3726. Can you explain why there has been so much delay attending the giving effect to the Report of 1856, which recommended that the monopoly should cease?—No, I do not know that any special reason can be given, except that things do often hang over. There was some little delay in connection with the Act, because the Madras Council first sent up to the Governor General an Act to which he objected on technical grounds; there were some provisions as to how the compensation was to be adjudged in case any was required, and to that he made some objections. The Act had to be sent back to be revised, and that caused some delay.

3727. Has it been the practice of the Government, under the present system, to keep any large store of salt?—They usually keep two years' supply in hand; they consider it safe to do so.

3728. Then

3728. Then the new system will start with that two years' supply?—Yes.

3729. What do the Government propose to do with that?—I have not heard what they intend to do. I do not remember seeing it mentioned anywhere. I should mention that the excise system will be introduced very gradually. It is to be tried in one district at a time, and so on.

3730. So that it will take some time to be worked out?—Yes, to be fully developed.

3731. Then, in the meantime, will the stock be sold off?—The stock will be sold off. The stock in the districts brought under the excise will be sold, I suppose, under some system adapted to the new mode of doing business. I do not know exactly how it is to be done.

3732. During this reduction of stock the revenue of the current year will get the benefit of the former years in manufacturing stock?—Yes, there will be so much on hand already paid for.

3733. So that there will be an advantage for the next two or three years in the revenue?—Yes.

3734. Which will not be experienced afterwards?—No.

3735. Have you heard any complaints as to the onerous character of this duty in some parts of the territory of Madras?—No, I do not recollect ever having heard any complaints.

3736. Do you know whether salt is used for any purposes except domestic consumption in Madras?—I do not know whether it is used to a small degree for salting fish; but I am under the impression that the fish are chiefly cured by being dried in the sun without salt. Salt is given to cattle occasionally.

3737. Is it not being used for any other purpose, as far as you know?—I do not know that it is used for any other purpose.

3738. Do you suppose that the cost of the salt at all affects the curing of fish?—No, I do not know that it does; the people cure their fish as they have cured it for generations, and I do not know that it is influenced by that. If they used salt, there would be the cost of the salt and of the labour of rubbing it in, and they would have to charge more for their fish; that would of course tell upon the consumer.

3739. But the expense of the salt would add considerably to the expense of any large industry of fish curing, would it not?—Yes, if the fish is to be thoroughly cured.

3740. Is there any trade in salt fish into the interior from the coast of Madras?—A great quantity is sent from the coast into the interior.

3741. Have you made any inquiries as to the extent to which salt is consumed by native families of different degrees in Madras?—I have made no special inquiry, but I see that there are very different estimates as to the amount that is used; some putting it at a high figure, and some much lower.

3742. Have you formed any opinion yourself from any investigation as to the rate of consumption of salt?—The opinion formed some years ago by the Board of Revenue when they were in communication with the Salt Commissioner, Mr. Plowden, was, that you might take 15 lbs. a head a year, young and old together. It seems to me that that is about a fair estimate.

3743. You mean throughout the Presidency of Madras?—Yes.

3744. Is any of the salt which is sent into the interior carried through the Madras Presidency into native states, or into other presidencies?—It is carried through the Madras provinces to the native states, and consumed there. The Mysore State, and the Hyderabad State, both receive large supplies of salt from Madras.

3745. Is any drawback allowed on the export to those states?—No, they eat our taxed salt.

3746. Is any sent into any of the other presidencies by land?—Our Madras territory and the Bengal territory meet near the Chilka Lake, and the complaint of the Bengal authorities is, that our lower priced salt comes in and interferes with theirs, and therefore they have established a preventive establishment to keep it out.

3747. Does any come into any part of Bombay at all?—No.

3748. Is any account kept of the salt that goes out of the Madras Presidency by land?—No; the sales are classed as home and inland sales. That originated at the time when they had an inland customs system under which the country was covered with a network of custom houses, and the salt had to run the gauntlet of them all. Then the traders took out passes for home or inland consumption according as they meant to sell the salt within the district, or beyond it; and after reaching the place of consumption the pass was taken from them and sent back as a check to the salt works. That now is all over. The transit duties were abolished by Lord Ellenborough in 1844, and although the distinction remains in the accounts, yet it is not one to which much confidence can be attached. People may state that they are going to take their salt into the district, or beyond the district, but there is no certainty of their doing so, and the price is the same in either case.

3749. A division of the estimated quantity of the salt used by the number of the population could not give any accurate results?—It would only be approximate, and could not be relied upon.

3750. Do you know what it comes out as a mere division of that kind by the population into the quantity of salt?—We know our own population, but we do not know the population of the native states that consume our salt.

3751. Therefore no result can be arrived at?—No result that can be depended upon; no result at all, in fact.

3752. Can you state what are the assumed earnings of the lower class of the population in the rural districts in the Madras Presidency?—It is difficult to say. The agricultural labourers are paid in grain mostly; the quantity of grain has not varied, but the price has varied very much to their benefit; prices have risen very much indeed, and they get the benefit. It is difficult to say what are the money earnings. I can put it in this way, that an unskilled labourer on public works, or a railway, would get certainly a quarter of a rupee a day; seven rupees a month, perhaps.

3753. Is that general in all parts of the presidency, and the interior?—Where public works are going on.

3754. Do the Government pay as much as that for unskilled labour?—Yes.

3755. Then the charge for the salt tax does not fall very heavy upon a family?—I do not think it does; of course it falls on some more than on others.

3756. You have heard no complaints, I think you said, from the consumers merely?—No.

3757. Has

Sir *T. Pycroft*, K.C.S.I.

9 May 1871.

3757. Has there been any proposal to raise the duty to the standard of Bengal?—No, not to the standard of Bengal. The duty was raised in October 1869, in consequence of an application from the Government of India, when they apprehended a financial crisis. They applied to the Government of Madras to raise the price of salt, if they could do so. The Government assented, and the price was raised from 1 rupee 11 annas to 2 rupees.

3758. But there has been no proposal to bring it up to the higher standard?—There has been a proposal, I think, by the Government of India, or of Bengal; but not on the part of the Government of Madras; they have always opposed it.

3759. Mr. *J. B. Smith.*] Did that increase cause any dissatisfaction among the consumers?—I do not know that it did; but I was not in India at the time.

3760. *Chairman.*] Can you explain why the people of Madras are less able than the people of Bengal to pay the higher rate of duty?—I have never been employed in Bengal, therefore, I can only speak generally; but there are, I think, some considerations which would tend to show that the Bengal ryot is able to bear a higher rate of tax than the Madras ryot.

3761. Will you explain those considerations?—In the first place, I think I may say that the soil of Bengal is better, on the whole, than that of Madras. The climate is also better, that is, the rainfall is much more certain. I believe the rainfall in Bengal rarely fails; but in many districts of the Madras Presidency it is very precarious. Then in Madras, with the exception of Malabar and Canara, which, in their climate, as regards rain, resemble the Bengal Presidency, all crops that require much water have to be grown under artificial irrigation; they have to be irrigated from tanks and channels, and wells. Another reason is, that I believe the land assessment in Bengal is lower than that of Madras, and that food grain, generally, is cheaper there. A further reason is this: As I gather from a witness, who was examined here, the cost of transport did not, in his opinion, add much to the price of the salt in Bengal. Now, the cost of transport in Madras, before the railway was introduced, was very heavy indeed, and added very much to the cost of salt. From all those causes combined, I am led to think that *primâ facie* the Bengal ryot may be able to pay more than the Madras one.

3762. Does the salt deteriorate much in quality on passing into the interior?—I think not. The Board of Revenue, some years ago, got samples of salt from 22 villages in the Cuddapah district, an inland district, and had it analysed by the professor of chemistry at Madras, and he reported that there was only three per cent. of impurities.

3763. Sir *C. Wingfield.*] You said that you thought there were considerations that would make one think that the Bengal ryot was better off than the Madras ryot, and therefore, was better able to pay a high duty on salt?—Yes.

3764. But it is held by a great many people that the peasantry, the cultivators of the land, where the ryot waree system prevails, as in Madras, are better off than where the zemindaree system prevails, as in Bengal?—I do not know what the position of the tenant of the zemindar is in that respect. I merely stated what seemed to me to be the natural advantages.

3765. The Madras cultivator of the soil is a freeholder?—Yes.

3766. In Bengal he is merely a tenant under the proprietor; the Madras cultivator ought, therefore, to be a wealthier man than the Bengal cultivator, ought he not?—That I think would depend upon what he pays for his land, what profit he gets out of his land. I do not know upon what terms the ryots in Bengal are towards the zemindars.

3767. A great proportion are tenants-at-will, and therefore pay a rack rent, do they not?—I was under the impression that Sir Frederick Halliday admitted that the assessment was lower in Bengal.

3768. But the proprietor, the zemindar, gets the benefit of the low rate of assessment; the tenant does not?—Well, I know nothing about the Bengal Presidency; but, of course, if it is not so, if the Bengal ryot does not hold his land on such favourable terms as the Madras ryot, that alters the case.

3769. But you are of opinion that the duty should not be raised higher in Madras?—No; I do not say that. It has been raised the other day, as I mentioned, from 1 rupee 11 annas to 2 rupees, that is, 5 annas. I think that the effect of that should be watched, and that the action of Government should be tentative; and if it appears that the ryot can pay that as well, without suffering at all, without any decrease of consumption, or any disadvantage of that sort, I do not see why he should not even pay more.

3770. Mr. *Birley.*] Are you of opinion that the excise system for collecting the revenue is better than the old system of monopoly, that it works more advantageously both to the Government and to the people of Madras?—I do not know that there is very much difference, but I think, on the whole, that the excise system is the better of the two. It adapts the supply more closely to the demand, and if the salt, as supposed, can be manufactured at a less rate, the ryot will get the benefit.

3771. At any rate, it leaves more scope for the exertions of the individual trader?—No doubt.

3772. Which is the more costly in collection?—They are much about the same. Perhaps the Government will hardly get as much on equal quantities under the excise as under the other, but there is not much difference.

3773. Perhaps the production and consumption may be greater?—It may.

3774. There will be more inducement to press sale, will there not?—Yes; the manufacturer will be induced to consult the convenience of the consumer.

3775. *Chairman.*] Can you state what the difference of the cost to the Government of the salt was in different parts of the Madras Presidency?—What the Government pay for it to the manufacturers I mentioned, is within the limits of 5 rupees to about 12.

3776. Were those different prices for different parts of the presidency?—Yes, different in different districts or different sets of works. As a rule the prices in the northern division of the presidency were lower than those of the south.

3777. Where the Government paid 12 rupees instead of 5, they deducted the difference from the supposed rate of duty, so that there would be a uniform price and rate of sales to the public under the monopoly system, I presume, or did they

they add the extra rupees?—When the Government had to pay 12 rupees a garce for their salt, and to sell it at the same, they realised less profit.

3778. The effect of the system was that the Government, out of what was properly revenue, was subsidising the manufacture in one part of the Presidency, to make it equal to the manufacture in the other parts?—They gave advantages to the manufacturers in some parts over others, and for that the people had to pay.

3779. The Government, in fact, confounded that what was properly revenue with the cost of manufacture to that extent?—Yes.

3780. Mr. *Birley.*] You spoke of the enhancement of cost by the transport and cost of carriage; have you any facts with regard to that which you can give us; can you tell us how much the cost of salt has been raised to the consumer by the great cost of inland carriage in remote districts?—If you mean by the old system of carts, it was reckoned by the Board of Revenue, when they were in communication with the Salt Commissioner, that a garce of salt rose in price one rupee for every mile it was taken. That would include the cost of carriage and the dealers' profit.

3781. It was tolerably uniform throughout the Presidency, I suppose?—Pretty well.

3782. Mr. *Fawcett.*] What would the price of salt be per maund on the average in Madras, suppose the duty was entirely removed and it was absolutely free?—I suppose it might be sold then for something under two annas a maund.

3783. That is an eighth of a rupee per maund?—Yes.

3784. And there is a tax of two rupees a maund now, is there not?—The present price of it, which includes the tax, is two rupees a maund.

3785. So that the tax at the present moment represents an excise duty of 1,700 per cent. upon the value of the article?—The excise duty will be fixed at 1 rupee 13 annas.

3786. But I want to get this out distinctly; you say that if there was no excise duty, and salt was produced perfectly free, it would be sold at 2 annas per maund, that is the eighth of a rupee; it is now sold at two rupees a maund?—Yes.

3787. Therefore, owing to the duty, the price is increased 16 fold, in other words, the duty represents a duty of 1,600 per cent. upon the value of the article?—Yes, that would be about the proportion.

3788. Can you tell me how much the duty realizes in Madras to the revenue?—I can give you the revenue for the last year which we have returned, that is 1869-70.

3789. That is after the duty had been increased?—Partly so; it was increased for about half the year. The gross revenue then was 1,164,730 *l.*

3790. What was the revenue the year before?—The gross revenue of the year before was 1,107,041 *l.*

3791. So that you increased the duty by 20 per cent., did you not?—Twenty per cent.

3792. And you say that you realized a half of that in the year?—Yes.

3793. Therefore your revenue ought to have increased by 10 per cent.?—The enhancement of price was introduced suddenly, and it had the effect of diminishing the sale for a time; it checked the sales. If the sales had continued at the same rate, of course the revenue would have been larger.

3794. But the point is this: the duty was raised 20 per cent.; you realized a half of that, according to your own estimate, within the year, therefore you may virtually say that for that year there was an increase of duty of 10 per cent.; but the increased revenue which you obtained, according to your own figures, does not represent an increase of 5 per cent., does it?—I have not calculated it.

3795. Will you just compare them if you please?—I think I understand what you mean, that the revenue did not rise as it should have risen, or in proportion to the enhancement of duty. No, it did not, because the introduction of the higher rate suddenly had the effect for a time of checking the sales.

3796. But will you kindly tell me, if you please, what was the increase of revenue; you have the figures before you?—The difference between the two years is the difference between 1,164,730 *l.* and 1,107,041 *l.*

3797. It represents an increase of 5½ per cent., does it not?—Yes.

3798. Therefore you ought to have realised, if you had not checked the sales, an increase of 10 per cent. of revenue, but you only realised an increase of 5½ per cent.?—Yes; but it is expected that the enhancement of price will show itself in the following year, if the people can stand it.

3799. *Chairman.*] Was it in full operation throughout the whole of that year?—No, only half the year.

3800. Mr. *Fawcett.*] You increased the duties by 20 per cent.; that was in operation for half a year, therefore you virtually had an increase of duty of 10 per cent. operating throughout the year, and that ought to have realised, if it had not checked the sales, an increase of revenue of 10 per cent., but you only realised an increase of 5½ per cent.; is not therefore the conclusion obvious that the increase of duty affected the consumption?—No doubt it affected the consumption for the remainder of the year. It is mentioned in the report of the Board of Revenue when sending up the statements that the sales fell off by 8 per cent.

3801. Therefore you may conclude generally, and it has been corroborated by previous experience, that as you raise the duty you affect the consumption?—You affect the consumption immediately; it is checked for the time, but it may increase afterwards, and has increased afterwards on previous occasions. The Madras sales have largely increased, in spite of the gradual increment of the duty or price.

3802. Can you give us any idea of the cost of collecting this revenue of 1,100,000 *l.*?—In the Government of India financial accounts you will find it stated that the charges, including the cost of salt, are 12·145 per cent., excluding the cost of the salt, it is only 2·774 per cent.

3803. So that the real cost of collection is only 2·774 per cent.?—Yes.

3804. Should you as a matter of general policy think it would be advisable to raise the salt duties?—I do not see any objection to raising them, provided you are certain that they do not injuriously affect consumption. That ought to be carefully watched.

3805. You do not think that a duty of 1,600 per cent. on the value of the article is too heavy a duty to be increased?—That would depend on what the effect is. If the effect were not found burdensome, I do not see but that it might be increased.

Sir *T. Pycroft*, K.C.S.I.

9 May 1871.

3806. I have no doubt that since your return to England you have carefully read intelligence from India; have you not seen in the local papers and other communications from India, repeated statements made of very grave complaints coming from the people of India in consequence of the policy of the rate of the duty on salt?—No, I do not think so. I have seen complaints about the income tax and other taxes, and very often when those complaints are made everything is thrown into them, but I do not recollect any special complaint about salt.

3807. Mr. *Dickinson.*] There are one or two maritime native states, I think, connected with Madras?—Yes, there are Travancore and Cochin.

3808. And do they manufacture salt?—They do. Travancore, the larger and more important state of the two, manufactures salt, and imports salt from Bombay.

3809. Do they import it into Madras?—Not from Travancore, but from Cochin; some comes across the frontier.

3810. Has Travancore only enough for its own consumption?—Yes.

3811. Is there any duty on salt imported from Cochin to Madras?—There is an arrangement between the Cochin and the Madras Governments that they shall charge much the same for their salt, and therefore there is not much that comes in.

3812. There is no arrangement at all with Travancore?—No; Travancore is shut off from the British territories by a wall of ghâts, in fact; and besides, the price in Travancore is the same as it is in the Madras territories, and there is no inducement to export it.

3813. Was there ever a manufacture of salt in Pondicherry?—A great many years ago there was a manufacture there, but it was given up in consequence of the arrangement entered into between the French and the British Governments.

3814. That was on the payment of 40,000 *l.* a year?—Yes; four lacs of Sicca rupees, about 40,000 *l.* now.

3815. Sir *D. Wedderburn.*] Do you consider that an equalisation of the salt tax throughout India would enable you to dispense with the customs' line between Hindustan and the lesser Presidencies?—We have no customs' line; it is in the other Presidencies.

3816. But do you think it would enable the Government of India to dispense with the customs' line if the salt tax were equalised?—I am not acquainted with the circumstances. *Primâ facie*, I should say it would, but I have no knowledge of that part of the country.

3817. Is it invariably the custom to weigh the salt, or is it measured?—All salt sold for inland or home consumption is measured. If it is sold for export by sea they weigh it.

3818. And what is the reason for that difference?—The native feeling is in favour of measuring. They sell by the measure in their own bazaars, and they prefer measuring.

3819. But it is excessively uncertain as to quantity; by a slight difference in the method of measuring you may greatly vary the apparent amount?—Yes, by a sleight-of-hand a man can make some difference in the measurement, but it is seldom made to the disadvantage of the purchaser.

3820. Does not salt absorb a great amount of moisture in certain seasons of the year, and when it is carried by sea, thereby affecting its weight very greatly?—I suppose it does, but that is a matter which concerns only the shipper; in fact, the Government sell him the salt, and he takes the risk of the market. He pays them the duty in Calcutta, and takes the risk of the market and what he can get.

3821. People are not supposed to suffer in any part of Madras from an insufficient supply of salt?—I do not think they are.

3822. But you said that the expense of transport was heavier in Madras than it seems to be in Bengal?—Yes; but then, on the other hand, the Bengal people pay much more for their salt.

3823. A former witness said that, regarding the salt tax as a poll tax, he did not see why, other things being equal, it should not be made equalised over India; I suppose the fact is, that other things are not equal, and that you can scarcely argue from one part of India to another?—I endeavoured to show some respects in which things are not equal. I may have been under a misapprehension as to one of them, the pressure of the assessment, but as to how far I am right in the others I do not know. Still, I think that circumstances should be taken into consideration in a matter of that kind.

3824. Mr. *Beach.*] For instance, the permanent settlement existing in Bengal would justify the authorities there in levying rather a heavier salt tax, perhaps, to make up for the want of raising the land revenue from time to time?—Well, as I understand, the ryots of the zemindars are very heavily rented; and if so, they could not afford to pay more for their salt: but I am not acquainted with Bengal.

3825. The land revenue of Bengal has not increased as it has in other parts of India?—It cannot increase, because it is tied down by the permanent settlement.

3826. Does much illicit traffic in salt prevail in Madras?—There was a good deal; but latterly the establishments have been revised, put on a better footing, and the servants better paid; and in most districts there is a deputy collector, a well-paid native, whose special charge it is to look after the salt. I think that these arrangements have had the effect of checking smuggling, but no doubt some goes on still. The salt pans are in an exposed situation, and the inducement to smuggle it is great, so that there must be some smuggling.

3827. Can salt be manufactured in Madras or imported at less price?—On the Coromandel coast it must be manufactured; it could not be imported except at a loss. Imported salt could not compete with the native manufacture, which is made very cheap.

3828. Mr. *Baring.*] Is it found that a rise in the rate of duty increases smuggling in salt?—I do not know that it does. I do not think that that would make much difference.

3829. So that lowering the rate of duty would not put an end to smuggling?—No, not unless it went very low indeed.

3830. Mr. *J. B. Smith.*] You attach great importance to the lowering of the rate of carriage of salt in consequence of the establishment of railways?—Yes.

3831. I think you say that it costs about 1 rupee per garce per mile to carry salt on the backs of bullocks?—In bullock carts.

3832. On the opening of the Madras Railway of

of 200 miles you have got it carried at 1*d.* a ton a mile?—Yes.

3833. That would be equivalent to a reduction of the salt duty to one-half, would it not, or thereabouts?—The price of salt remains the same, but the expenses decrease very much.

3834. That would be equivalent to a reduction of the duty by one-half?—It would decrease the price in proportion to the decreased cost of carriage.

3835. And that would be equivalent to reducing the duty?—Yes, it would be the same thing to the consumer.

3836. His salt would cost so much less; but if you were to put a duty upon it of one-half more, he would be in just as good a condition owing to the opening of the railway, as he was before?—Yes, if the two were made to vary inversely with each other, he would.

3837. Do you know whether Madras supplies the Central Provinces with any salt?—I do not know whether it goes to the Central Provinces. I should imagine that now, at all events, as they have a railway up to Nagpore, it must go from Bombay by rail.

3838. You do not know whether it goes up the Godavery?—It is anticipated that there will be a large quantity of salt sent up the Godavery when the Godavery works are completed, but I do not think they are opened to that extent; I do not think that any salt worth naming has been sent up yet; but it is one of the great recommendations of the scheme, that it will send salt into the Central Provinces by water carriage.

3839. If it be one of the great advantages of the opening of the railway that salt can be carried for 1*d.* a ton a mile instead of its present exorbitant price, would it not be a much greater advantage still if they could carry it for a farthing a ton a mile by the river?—No doubt. That of course involves the scheme itself, and its feasibility, if it could be effected. Then you have to put against that the interest of the money for opening the Godavery. It is not the mere cost of carrying it by the river, but you would have to add to that the interest on the sum expended for making the river navigable.

3840. But without going into that question, there can be no doubt that if any means could be devised by which a river could carry the salt at a farthing a ton a mile it would be an enormous advantage to the consumers of salt?—An immense advantage.

3841. Mr. *Lyttelton.*] Is there any importation of foreign salt into Madras?—No, no foreign salt; you do not of course allude to Bombay salt?

3842. No; I mean Cheshire?—No. There was an attempt to import it on one occasion; a cargo was brought to Madras, but at that time the duty was prohibitory; it was three rupees a maund. By some means, I do not know how, the Bengal duty, I fancy, crept into the Madras Act, and as it was not supposed English salt could ever be imported into Madras with a profit the thing was not noticed; anyhow, the duty then was three rupees a maund. When the captain came into the roads he found how the thing stood, and he was not able to land his salt or to keep it on board, as he had another cargo to take in, and he then applied to Government, and Government on that occasion took his salt off his hands at something more than they were accustomed to give to their own manufacturers. The salt was landed, but people got it into their heads that it had been manufactured in such a way as to affect their caste, and they would not buy it, and the result was that the Government, after keeping it for a long time, made it over to the Commissariat for supplying the European troops.

3843. What is now the import duty?—Now the import duty is to be on the same footing as the excise duty, 1 rupee 13 annas.

3844. There will be no possibility of foreign competition?—Unless a man can import his salt with all charges at 2 or 3 annas a maund, that will be 9*s.* a ton, I do not see any possibility of it.

3845. Madras is able to manufacture salt not only for its own consumption, but also for the interior besides?—The manufacture might be extended enormously; as it is, there is a considerable traffic in salt from Madras to Calcutta.

3846. Since the abolition of the monopoly system, that has been extended, has it not?—The monopoly system has not been abolished in Madras, but in Calcutta Madras salt comes into competition with other salt; for instance, English salt and Bombay salt, they are all on an equal footing, they pay the import duty and get their own market.

3847. Mr. *Birley.*] What is the quality of that salt as compared with the Cheshire salt?—I do not know, chemically speaking.

3848. But is it as palateable; would it be as palateable to Europeans?—It is what Europeans eat all over the Presidency; they have no other.

3849. If they have no other, they eat that of course; but if they had Cheshire salt, would it be preferred?—On the occasion referred to, when this Cheshire salt was imported, I bought a small quantity for my own use; I do not know that I found any difference.

3850. *Chairman.*] Can you hand in a table, showing the production and duty on salt for the period which you have mentioned?—Yes.—(*Vide* Appendix.)

3851. Mr. *Grant Duff.*] Have you happened to hear, quite recently, of any importation of Cheshire salt into Madras?—I have heard that a manufacturer is sending out, or has sent out, a quantity of salt to Madras for sale.

3852. And the Government have given every facility for the trying of the experiment; I understand they have given a building for storing the salt, and every possible means for trying the experiment fairly, have they not?—Yes.

3853. *Chairman.*] In the accounts for the Madras Presidency for 1869–70, there is an item for "excise on spirits and drugs" of 570,000*l.*, what are the sources of revenue producing that 570,000*l.*?—It proceeds from the sale of the exclusive privilege of selling and manufacturing spirituous and fermented liquors in the provinces. The abkari in Madras does not apply to drugs, such as ganjah and bhang; there is no excise on them, and no interference with them; but the abkari revenue is thus realised in the provinces. The exclusive privilege is rented by districts usually, sometimes for one year, but sometimes for more; in fact, it is at present under a three years' lease. Farms are put up to public auction, and knocked down to the highest bidder. He arranges with his sub-contractors, and they establish shops, at which spirits and fermented liquors are sold. The spirituous liquor in the provinces is country arrack, made of rice, and flavoured with spices and some bark of trees, and so forth. The fermented liquors are toddy from the cocoa nut on the western coast, and from the palymira tree, or

Sir *T. Pycroft*, K.C.S.I.

9 May 1871.

from the date tree, on the eastern coast; that is the system in the provinces.

3854. Does the Government own any of the factories in which the spirit is made, or do they belong to the farmers?—In all the provinces the farmers distil for themselves in their own distilleries, but at Madras the Government have a distillery for country arrack, from which they supply the Madras vendors, and the town of Madras.

3855. Is there any limit on the price to be charged for the spirits by the farmer in country districts?—It is made a condition in the renter's lease that he shall not charge less than a certain rate.

3856. But is a maximum charge imposed, or is he at liberty to charge as much as he pleases?—He may charge as much as he pleases; the object is to prevent people getting it too cheap.

3857. Does the Government take any step to examine the shops at which he sells, or is he perfectly free in that respect?—No, the sites for the shops are all laid down in the lease, and he cannot establish any except in those places without further permission from the collector.

3858. The number of shops is defined?—Yes, the number of shops is defined, and their locale is defined.

3859. The village is defined, but not the particular house, I suppose?—No, not the particular house.

3860. With these elements before them, people are invited to compete for the lease?—Yes.

3861. Is there much competition?—Sometimes very brisk competition. In fact, it seems to be the impression that the competition last year was carried too far, and that the renters will suffer in consequence.

3862. What is found to be the result of the competition in arriving at the price; on what principle do they bid?—I suppose they know what have been the results of previous years, and they speculate what it will be, and take into account any circumstances of increase, such as public works coming in that direction when the labourers and navvies are likely to drink, and circumstances of that sort.

3863. Can you give us any information as to the general results of the price per head of the population, or otherwise?—Taking this revenue, 570,022 *l.*, that distributed over a population of twenty-six and a-half millions, which it was by the last census of 1867, amounts to 5 *d.* a head; but if you deduct from that 126,719 *l.* for the Madras town and the adjacent district, where, of course, the consumption is per head much greater, it will come out about 4 *d.* a head for the rest of the Presidency.

3864. Is it found that in the sums received from the different districts, that average price is obtained, or does it vary very much in each district?—It varies in the different districts. I have not made a calculation, but the prices obtained for the farms in the different districts vary, and not always, I imagine, according to the population.

3865. Has any inquiry been made to know why those variations take place, and what the cause of them is?—I am not aware that there has.

3866. Is it from their being large and more active towns?—That would influence it, of course.

3867. Does that include the supply of the spirit to the troops, or is that entirely separate?—That is a separate concern; that is in the hands of the commissariat, that is the military abkari.

3868. That is not bought at these farm distilleries then?—No; the commissariat are supplied with liquor for the canteens and other places from the head quarters at Madras.

3869. How does the Government regulate the selection of the places at which the sale is to take place; is it on the application of the inhabitants to have a place established, or on what principle do they fix the site of the retail shops?—They are fixed according to where the demand is likely to be. Practically, I imagine, they are where they have been for a great many years past. Only when from circumstances it seems likely that a demand will spring up in any particular quarter, application is made, and that is inserted as one of the shops.

3870. But is it done entirely at the discretion of the collector or officer of the revenue?—Yes he reports everything to the Board of Revenue but unless it so happens that one member of the Board of Revenue is intimately acquainted with the district, practically it is much left to the collector himself.

3871. Is the spirit uniformly manufactured within the district, or are there any larger manufacturers which supply the different districts?—No; it is made within the district generally. I know an instance in which the manufacturer was a European owning large sugar works, and distilling large quantities of rum, and he took the rent of the district for the purpose of selling his liquor, making it take the place of arrack. Whether he supplied other renters in the adjoining district I do not know, but I do not suppose he did.

3872. There is no obligation on the farmer to manufacture his own spirit, I presume; or is there any restriction on the transit of spirit about the Presidency?—He might import his spirit from a distance, but it would be under precautions, so that it should not be tapped on the way that it should not interfere with the renter through whose farm it came.

3873. But would the excise officer interpose for the purpose of watching any such movement?—I do not know that it ever happens, but supposing it did happen that a party got liquor from Madras for the supply of his farm, in place of manufacturing it himself, the liquor would be carefully watched in transit, so that it was not sold in transit to the detriment of the farmer through whose farm it came.

3874. Can you state whether the revenue from this source has increased?—It has increased. I have got five years here; in 1865-66 it was, in round numbers, 414,000 *l.*, then 427,000 *l.*, then 506,000 *l.*, then 490,000 *l.*, a slight falling off, and now 570,000 *l.*, and that will be the demand for three years, for the farm is rented for three years. This includes the Madras town sales, which are conducted on rather a different principle.

3875. Will you explain the principle in the town of Madras?—In the town of Madras the shops are rented separately; there is no rental for the whole town, but each shop separately; and in Madras the Government have their own distillery, and all the native spirit is supplied from that. The shops in Madras also sell the Columbo or Ceylon arrack, and that is imported by the Government to Madras, and supplied to the retail dealers.

3876. Can you explain on what principle the Government sells the arrack of the Presidency

dency with regard to the revenue?—The regulation prohibits their making a profit of more than 3½ rupees a gallon; nothing more than that.

3877. Then they add that to the cost of manufacture to the Government?—Yes, in the case of country liquor.

3878. But in the case of liquor sold in the town, how do they fix the rate at which it is to be sold from the distillery to the retailers; is it by adding the 3½ rupees to the cost to the Government?—Yes; the 3½ rupees is the maximum that they can charge. I do not know that they always charge so much, but whatever it is it is added to the cost of production.

3879. Do they sell it at an upset price?—No, they do not sell the liquor at an upset price; they sell the shops.

3880. How do they fix where the shops are to be established in the town?—By consideration of where they are most wanted, and police considerations where they will be most effectually watched, and considerations of that kind.

3881. Is that done by the Board of Revenue, or by the police magistrate?—They both combine. The collector for the town of Madras has only revenue functions; the police and the magisterial authority are in other hands, so that the Commissioners of police grants his license for the shops as well as the collector, and he would have a veto in case of anything objectionable.

3882. And are they sold by auction, or how is the price fixed for the retail licenses?—The shops are sold by auction.

3883. But does the house belong to Government, or how is the house fixed?—No, the house does not belong to the Government; the man finds his own shop as he can, like public-houses here.

3884. Then do you mean that the auction takes place first, without reference to the shop at which the retail is to be carried on?—No, it is known where the shop will be, and then the privilege of selling liquor at that place is sold.

3885. But how can it be known where the particular shop is to be?—The particular shop is sold; that is to say, an offer is invited for a shop, which probably has been established a great many years, situated in such a place.

3886. Then, if the Government is not the landlord of that shop, how can they sell by auction the right of retailing in the shop?—The man himself makes his own arrangement there; if he cannot get the shop, he will get some other shop near it. I do not know that it is always exactly the same shop or house; but the renter settles that himself.

3887. What is sold is the right to sell it at a shop in a particular locality?—Yes.

3888. But not at any one given shop?—I think the shop itself is prescribed; I am not sure whether the actual locality or street is fixed, but I think the locality is settled as nearly as possible.

3889. What I want you to explain is, how there can be any competition in selling the shop when nobody can get the shop except one person?—If he cannot get the shop, he gets some place near; he arranges for that.

3890. Do you know practically yourself whether there is a considerable competition for the right of retailing in the town of Madras?—I have never had very much to do with it; but I think there is competition.

3891. Do you know whether the price of a shop bears any particular relation to the number of the inhabitants, or how it is arrived at; how it is estimated?—It is estimated by what the party choses to give for it.

3892. But upon what basis do they compete; is it upon their knowledge of the profits of previous years in the shop?—Yes, I imagine so.

3893. Can you state what proportion it results in of revenue per head of the population in the town of Madras?—I have got the figures; but I have not worked them out. The population of the Madras town and suburbs, and the district round, which is all clubbed together in the account which I have got from the Board of Revenue, is 1,274,000 *l.*, and they pay 126,719 *l.*

3894. Is that apart from the profits of the Government distillery; is that paid for the sale of licenses?—That is for both; that is all that the Government get for the abkari, in fact, of Madras and its suburbs, and the inclosing district.

3895. You cannot state how much is obtained from the distillery, and how much from the shops?—No; I cannot tell that.

3896. Do you know what the effect of this system is upon the population of Madras in the town and country, in stimulating the drinking of spirits?—No; I do not know that it has any particular effect one way or the other. Of course the renter will sell his liquor if he can, but the Government has complete control over him; he is bound down strictly by the terms of his license and he is subject to heavy penalties if he violates them.

3897. But does he take any means to stimulate the people to drink?—I do not know any special means.

3898. Is drinking carried on to any extent upon his premises; does he deliver out his spirits to be drunk, or does he provide any means for drinking on the premises?—I do not know very much about the trade, but I do not think that people come, as they do in England, and sit down and drink for a long time together. They may come there and drink or they may take their liquor home and drink; except that some of the Madras shops may be different.

3899. Do you think the increase of revenue is to be ascribed to an increase in the consumption of spirits or to an increase of price?—I do not know that the price of the liquor has increased. I imagine that it is due to increased consumption.

3900. What are the classes chiefly who consume these spirits in the presidency?—The lower classes.

3901. Of all castes?—Not the higher castes; but the lower castes of labourers and people employed on public works; the lower class of menial servants, and people of that kind.

3902. Do you think the consumption is more in the towns than in the rural districts?—I think it would be.

3903. Is that consumption likely to go on increasing, do you suppose, or is it likely to remain stationary?—I suppose the consumption arises from the improvement in the condition of the people and the rise of wages, and if those continue to advance, I suppose there will be more liquor drunk and a larger revenue gained.

3904. Can you state generally what are the conditions which forfeit the license and by which they are kept under restraint?—Yes; if there is any adulteration of the liquor, or if the man har-

Sir *T. Pycroft*, K.C.S.I.

9 May 1871.

bours bad characters, or allows any disorderly practices and things of that kind, and if he sells liquor below the stipulated rate.

3905. Mr. *Dickinson.*] Is any spirituous liquor of the same character imported into Madras?—If you mean for the supply of the population, the liquor imported for their supply and supplied through Government to the retail dealers, is arrack from Colombo in Ceylon.

3906. What becomes of the other liquors, European liquors?—They are imported for the consumption of Europeans.

3907. And do not these licenses include European liquors?—No, they are only to sell any country liquors; they are allowed, I believe, to sell small quantities of the other, a bottle of brandy, or something of that kind.

3908. And is any arrangement made with regard to the sale of European liquors?—Those are sold in English shops, and licenses are taken out by the Europeans for the sale of these liquors.

3909. And does not that license come under this head of the revenue?—I suppose it would be carried to account under this head; I am not quite sure, but it would not be much.

3910. Does that arise simply from the habits of the people, who merely consume the native spirits; or does it result from the state of the law, which interferes to prevent their consuming European spirits?—No; they consume the country spirits and the Colombo arrack because they have been accustomed to consume it, and that is their taste. They might buy, and, in fact, some of the natives do buy, brandy, and so forth, in the English shops.

3911. But that is not sold in the same way by retailers on the premises?—The English shops cannot sell less than a certain quantity; I think it is half-a-dozen of brandy, or something of that kind.

3912. Could any other shop sell those European spirits?—I think that the retail vendors are allowed to keep English spirits, but there is very little demand for it.

3913. Is there a prohibition against anybody but a license holder selling European spirits?—Yes; shopkeepers can only sell those spirits in quantities of, I think it is, half-a-dozen bottles.

3914. Is it the same as to wine?—Yes.

3914*. As regards the Colombo arrack, that does not pass through the custom house at all, I suppose, being imported entirely by the Government?—It does not pay duty.

3915. It does not appear in the custom house accounts, I mean?—I am not sure how that is. Of course it is the same thing, for it is imported for the service of Government. I think it would appear in the Custom House Returns of imports, not perhaps in the Custom House Returns of duty.

3916. But could a private dealer import Colombo arrack?—He could only import it to sell it in certain quantities.

3917. If he imported it he would pay the customs duty?—Yes.

3918. If the Government import it do they pay customs, as it were, or do they simply import it free of customs, so that goes into the abkari accounts?—I cannot tell. I do not know whether the duty is entered in the return of the custom house duties, or whether it is passed free and appears only in the abkari returns.

3919. As regards the arrack consumed by the troops, does that in any way appear in the accounts?—I am not able to say. The commissariat import it from Colombo and store it.

3920. Do they pay duty on the import?—I cannot tell.

3920*. And you do not know whether the army is supplied with the arrack free of import duty or excise duty?—No, I do not know how that is; that is a military question. I should imagine that the commissariat did not pay duty; there was no actual payment, I should imagine.

3921. Do you know that there is an allowance for the troops, every man so much arrack?—I believe in the canteen there is something of the kind; they are allowed so much, but of late years they have taken beer instead. I believe they are allowed so much arrack, or in lieu of it so much beer.

3922. What is the duty on Ceylon arrack imported?—I suppose the duty on Ceylon arrack would be the same as on any other spirit. It is 3 rupees the imperial gallon; this is on spirits generally, and the duty to be rateably increased as the strength exceeds London proof; and there is an exception in the case of methylated spirits, and so forth. Imported by private parties, I suppose it would pay that duty.

3923. I understand the general result of your statement with regard to the country districts to be, that a manufacturer of spirits must retail his own manufacture?—Yes; he manufactures for the supply of the people of the district.

3924. He has no other market than his own licensed shop?—Yes; he distils the liquor specially for them.

3925. He has no manufacture of liquors to sell to retailers not being in shops for which he does not hold a license?—No; he distils the liquors for them, and they get them from him and no other person.

3926. I mean that the manufacturer has no general market of licensed dealers for the purchase of his manufacture of spirits, but it is confined to his own shop?—It is confined to the shopkeepers of his own range.

3927. *Chairman.*] Will you state about what is the size of the area of each separate farm?—The area of the farm is a district generally. The districts are rented district by district. The Madras districts vary from 4,000 square miles to 12,000.

3928. You mean a collectorate?—Yes; they call them districts. The collectorates vary very much in size, being from 4,000 to 12,000 square miles; they are very much larger than the districts of some of the presidencies.

3929. Sir *D. Wedderburn.*] From what substances do they distil the spirit in the Madras Presidency?—The country arrack is distilled from rice, it is flavoured with various ingredients.

3930. Is there a great consumption of fermented liquor among the natives of Madras?—A great deal of what they call toddy, that is the juice of the cocoa nut, or date, or palmyra tree. It is harmless when first drawn, but fermented it becomes intoxicating, and in that state it is drunk.

3931. Have you any tax upon the toddy-producing trees?—The trees are taxed sometimes singly, and other times in groves.

3932. At what amount?—It varies very much in different districts.

3933. Is that included in the abkari revenue?—No, the rent of the trees would be, I think, included in the land revenue.

3934. Mr. *Beach.*] Do these licensed dealers adulterate their liquor at all?—I have not heard many instances of their doing so, they may do it; I have not heard many complaints of that kind in the provinces. Something of that kind goes on in Madras with the petty shopkeepers. They buy at the Custom House bad beer, and things of that kind, and they doctor it up. I do not know that the retail dealers adulterate their liquor much.

3935. From competition, one with the other, I mean?—You see that the renter takes a whole district, and then he divides it out among others, and their ranges are pretty well defined. I have not heard much of adulteration taking place. It is not easy to say, because it is not easy to detect.

3936. Does drunkenness prevail to any extent?—The revenue from spirituous liquors has increased, and I suppose to some extent drunkenness with it, but I do not think there is very much drunkenness. I think the average per head shows that there cannot be very much drunkenness prevailing.

3937. That is, if it is drunk generally, or if it is drunk to a large extent by particular individuals?—I do not think that there is very much increase in the intoxication. I think there is more drunkenness than there was, but I do not know of it to a very large extent.

3938. Mr. *Fawcett.*] Do the shops also retail opium for smoking?—No, that is not part of their farm, and I never heard of their doing it.

3939. Are there any opium-smoking shops in Madras?—No, at least there are no licensed shops. There may be shops where people can get opium to smoke. The privilege of selling opium is not part of the Madras abkari at all.

3940. Mr. *Beach.*] Would the system be better, in your opinion, if the licenses were given to the sellers direct, than to one person who took the whole trade?—It has been generally found more convenient to deal with one man, a man of some capital, than to have many small dealers. I do not know that, as far as the people are concerned, there would be any difference.

3941. Sir *D. Wedderburn.*] In the account of the revenues at present in Madras, there is no allusion to opium, either in the Abkari department or anywhere else?—No, there is no revenue derived from it at all; the abkari is simply confined to spirituous and fermented liquors.

3942. Mr. *Dickenson.*] Including tobacco?—No, not tobacco.

3943. Mr. *Grant Duff.*] You have said that the abkari revenue is rising; do you think that it will continue to rise?—I imagine it will with the increased prosperity of the people, the rise of wages, and so forth.

3944. You cannot trace any particular mischief to the present system?—I do not see any beyond what is incidental to all systems of taxing liquor.

3945. You are fairly satisfied?—Yes.

3946. *Chairman.*] Have you heard it stated that the population of Madras, as regards temperance, has very much deteriorated since this system has been introduced, as compared with what it was in former times?—This system dates from a great many years. Do you mean in the olden times of the natives?

3947. Yes?—I have heard it said that drunkenness is on the increase as compared with the native days, and I suppose that it is on the increase in this way, that people get better wages, and spend more in one of the few luxuries they have to spend it in.

3948. But have you heard it stated that the actual physical condition of the population of Madras in some parts was seriously deteriorated in consequence of the consumption of spirituous liquors?—I do not think that I ever heard that said. There is a strong feeling in some quarters against the sale of liquors, and against the abuse of liquors on the part of the natives, but I do not remember its having gone so far as to say they have physically deteriorated.

3949. But with regard to their condition of life, and their comfortable means of life for their families, is there not an assertion that it is very much deteriorated by the sale of intoxicating liquors, and their addiction to the use of them under this system?—It may be said, perhaps, but I do not know that it rests upon any foundation.

3950. Have you not heard any complaint that the system of putting up to auction the morality of the people in this way, leads to the persons who succeed in the auction stimulating consumption by all the means in their power, and thus becoming active agents to demoralise the people?—It is said that the persons who buy the shops must make their money by them, and therefore it is their interest to use what means they can to bring about drinking. But that would be the case, I imagine, with anybody who keeps a shop of any kind. He would do what he could to sell his wares, whether liquor or anything else.

3951. Supposing a person opens a shop without having first been subject to an active competition as to how much he was to pay for it, would he be under the same pressure to stimulate the consumption of his commodity as if he had been subject to such competition?—Perhaps not, but still his interest would be to sell all he could.

3952. Do you think that the previous competition acts as a stimulus and pressure upon him to increase the sale?—Of course he must realise what he has given for the rent.

3953. Is it the fact that there is any reason to suppose that gambling is carried on in these houses?—It may be in some of the houses of Madras, and perhaps in some of the larger towns, but not, I think, beyond that.

3954. Do you suppose that that is used as a means of keeping the people in the houses drinking, so as to promote the sale of the liquor?—I have not heard of anything of the kind. I do not know whether it is so.

3955. Sir *T. Bazley.*] I presume there is no restriction upon the sale of intoxicating liquors?—It is part of the agreement of the vendors that they shall not allow drunkenness in their shops.

3956. Have they licenses for the sale of it?—They have licenses for their shops.

3957. Mr. *J. B. Smith.*] Are spirits drunk by women in India?—To some extent they are. I think they drink fermented liquors more than spirits.

3958. Is drunkenness prevalent among them?—It is among some of the lower class.

3959. *Chairman.*] Do you know at all what was the amount of revenue raised many years ago from this system when first it was introduced?—No, I do not know what it was then; the population was much less than it is now.

Sir *T. Pycroft*, K.C.S.I.

9 May 1871.

3960. You have never been able to ascertain the amount of the consumption of intoxicating liquors by the people before the Government introduced this system?—I hardly recollect from what time the present system dates. It must be many years ago, as long ago as 1812. Then there must have been something of the kind before that, from the time of our assumption of the country. What was the condition of the people before then in this respect I cannot say; probably a Hindoo or Mahometan government would be more severe on its subjects for indulging in intoxication than another government.

3961. Is there any particular import duty levied upon opium into the Madras Presidency?—We never hear anything about opium there. I have looked at this return, which is the abkari for all India, but we never hear about opium. I think there is a special Act by which it is prohibited altogether. The export without a pass is prohibited I know; but I have an idea that it is altogether prohibited.

3962. Do you know whether the growth of opium is prohibited in the Madras Presidency by law?—I am not sure that there is any law upon the subject; but we never see anything of it. It cannot be exported without a pass, which is never granted; and I suppose that operates to prevent the cultivation to any extent.

3963. Is there any law prohibiting the cultivation?—I think there is an old law upon the point, but I have never had occasion to refer to it.

Sir CECIL BEADON, K.C.S.I., again called in; and further Examined.

Sir *C. Beadon*, K.C.S.I.

3964. *Chairman.*] I FIND in the accounts of the Bengal Presidency a sum of 689,000*l.* for "excise on spirits and drugs" for 1869-70; will you be good enough to explain in what manner that revenue is assessed and collected?—It is derived from the consumption of spirits and fermented liquors, opium, and ganjah or hemp.

3965. First, with regard to the opium, I think you have already explained to us the circumstances under which that is collected. Are the shops that retail it licensed, and is there one license granted for retailing all these commodities, or are separate licenses granted?—Separate licenses are granted for each description of intoxicating liquor or drug. Sometimes one license covers the whole, but they must be specified.

3966. One person takes out licenses for more than one commodity?—Sometimes.

3967. Then will you explain how the excise on spirits is levied?—There have been material changes in the management from time to time. Previous to 1840 there was a double system; one was the system of farming, and the other the system of Sudder distilleries. A Sudder distillery consists of a large area inclosed by four walls, in which all persons who desire to make spirits after the country process are obliged to distil their liquor. The duty imposed upon the liquor distilled in the Sudder distilleries is taken at so much per gallon when the spirits are removed from the distillery, and they are then supplied to retail shopkeepers within certain limits, those retail shopkeepers also paying a license for the sale of such spirits.

3968. How were those licenses granted to the retailers?—Those licenses were granted by the collector of the district.

3969. Upon what principle?—Any person who wished to take out a license could apply to the collector for such a license, and then before he could open his shop, he would also have to get either a second license or that license endorsed by the magistrates.

3970. How was the payment for the licenses regulated?—The license was at so much a day.

3971. A fixed charge?—A fixed charge of so much a day for each shop.

3972. Were any conditions attached to the license?—Yes; the collector's license simply provided certain conditions against smuggling. The magistrate's license provided that the shops should be shut by a certain hour; that there should be no gambling, no improper character about, and other conditions of that kind.

3973. All the retail shops in a certain area were bound to obtain their liquor at the Sudder distillery?—Yes.

3974. What was the rate of duty charged at the Sudder distillery, when the two systems were in force?—In those days that I am speaking of, previous to 1840, I think the duty was one rupee a gallon. I do not think that it exceeded that.

3975. Was the liberty to manufacture within the area of the Sudder distillery granted to any applicant, or put up to competition or otherwise?—It was granted to any applicant; the only thing was that he had to pay a rent. He put up a still inside these walls at his own expense, and had to pay a small rent for the portion of land that he occupied, a few square yards.

3976. The revenue was entirely derived from the duty?—Yes, entirely.

3977. What was the other description of farming?—These Sudder distilleries were confined to what were called the Sudder stations, that is to say, the principal station in each district where the population was dense and the European officers resided. The rest of the districts were farmed. Sometimes a whole district was farmed to one farmer; sometimes it was divided into convenient divisions, and each division farmed to a separate farmer.

3978. How was the farmer appointed?—The farms every year were put up to public auction.

3979. Then was he to manufacture his spirit, or to get it?—He might get it where he pleased, or manufacture it himself.

3980. Then what did he purchase as a farmer; did he purchase the liberty of retailing?—He purchased the liberty of distilling, or selling wholesale, or retailing and opening shops where he pleased; and in fact, the whole country was given over to him to supply with drugs and spirits as he pleased.

3981. He had an exclusive monopoly of the manufacture and sale of the commodities for which he took out his license?—Yes.

3982. Was that granted to him by competition, or on what principle?—By competition.

3983. On public notice, I presume?—Notice was given of the time at which the farm would be put up to auction; and anybody might come forward and bid, and it was usually granted to the

the highest bidder, provided that he could give sufficient security.

3984. Was there much competition under that system?—Sometimes there was, but it very frequently happened, particularly where whole districts were made over to one farmer, that the abkari of a district fell into the hands of a capitalist, and when the time came for re-letting the farm, nobody was found to compete with him; in that case the Government was at his mercy.

3985. In such a case where there was no competition, did the Government fix an upset price?—No, because there was no alternative; they must realise their revenue, and the only way by which it was then thought that the revenue could be realised was through a farmer.

3986. When was a change made from this system?—In 1840 a change began to be introduced, but it was only gradually extended; it began in some districts in Bengal, but it was not for some time extended to the whole of the province. The farming system was discontinued, and the Government put itself into the position of the farmer, and collected the abkari revenue by means of an establishment.

3987. How was the liquor itself supplied under the new system?—Under that system those parts of the country which were not supplied from the Sudder distillery were supplied in this way. A person might take out a license for a shop for the sale of liquor at so much a day, to supply a certain district, and he distilled his own liquor.

3988. Was he bound to distil his own liquor, or did he purchase it, if he pleased, at any other place?—He might purchase it from another distiller, but there was no payment of duty, the duty was realised entirely from the license; in that respect there was a marked distinction between the system at work at the Sudder distilleries, and the system at work in the rural districts.

3989. In the one case the retail licenser paid the whole of his duty on his license, and in the other the whole of the duty was collected on the spirits?—Nearly the whole of the duty; there was also a license duty there, but much less.

3990. Was there any system laid down for granting retail licenses, or were they granted to any person that applied under the new system which you have described?—Practically, there was no restriction; anybody might apply for a license; and if the officer of the excise department considered that he was a man of substance, and would be able to pay the daily tax which he proposed to pay for opening the shop, the license was given to him.

3991. Can you state what the daily rate was?—It varied immensely, down to a farthing a day.

3992. Upon what principle was there a variation?—It depended upon the extent of custom which each shopkeeper expected to have.

3993. But who assessed the amount of daily pay for the license?—A man came forward and said to the Excise officer, "I want to open a spirit shop." The Excise officer would ask him, "How much are you prepared to pay?" "Well," he would say, "there are very few people living in the village, I cannot afford to pay you much, but I will pay a farthing a day;" and the Excise officer would say, "No, it must be a halfpenny;" and it was a matter of bargain.

3994. Supposing one person having taken out a license, another man wanted one for the same village, what was done then?—It was understood that the man who opened a shop had a monopoly within a certain limited area.

Sir C. Beadon, K.C.S.I.

9 May 1871.

3995. It was an implied part of his bargain that nobody else would get a license within that area?—Yes.

3996. In point of fact, the rate per day paid for each license depended upon the number of inhabitants and the probable consumption within that area?—Exactly so.

3997. Then, did this give rise to any complications or complaints as to different licensed parties that one was encroaching upon the other?—Very frequently.

3998. On what principle was that adjusted?—I think each case was adjusted upon its own merits.

3999. Can you state what the effect of this system was as regards the revenue?—The revenue increased considerably under this system, as compared with the farming system.

4000. And do you know at all what amount per head of the population it realised?—No; I cannot say with any accuracy.

4001. Then what became of the Sudder distillery system; was that continued?—The Sudder distillery system continued exactly as it was before; but of late years, that is to say since the year 1860, there has been a great extension of the Sudder distillery system. It was found that what was called the out-still system (that system which I have been describing), led to a very great extension of drunkenness. It was the obvious interest of the excise officers, in order to show good returns, to open as many shops as they could, and the consequence was that when a few people were collected in a village, shopkeepers were persuaded to take out a license in order to supply them with liquor; and I have no doubt that in that way the habit of drinking was introduced into villages, where it did not exist before.

4002. And there was a great increase, therefore, you think, of drunkenness?—I think there was a great extension of the habit of drinking among the agricultural population.

4003. But how was that to be obviated by the extension of the Sudder distillery system?—Because, when you once introduce the Sudder distillery system it no longer becomes the interest of the abkari officer to open additional shops for the sake of showing an increased revenue. The duty is then taken, not by petty abkari officers, but by an officer of higher standing; and the duty is taken by him from the liquor as it leaves the distillery.

4004. Therefore, you think that the number of retail shops was less in the Sudder distillery districts, than in the districts under the other system?—It became less; and at the same time, by reason of getting the whole process of distillation under the surveillance of excise officers within four walls, you could levy a much higher rate of duty upon the spirit than through this indirect medium of daily licenses.

4005. What was the rate of duty taken under the Sudder distillery system?—The rate of duty upon country spirits has always been regulated by the customs duty upon imported spirits, and that is now 3 rupees a gallon.

4006. How long has that rate been imposed?—For some 20 years.

4007. Then are the two systems still in force, or is the Sudder distillery system now universal?—

Sir *C. Beadon*, K.C.S.I.

9 May 1871.

The Sudder distillery system is almost universal. But there are some remote places where the consumption of liquor is so small that it would be impossible to establish a Sudder distillery, for this reason: that the country liquor which is distilled by the native process is so weak that it will not bear carriage. It does not keep, and will not bear carriage for any great distance. At the same time the quantity required for these remote districts is very small, so that in some of these districts the system of out-stills still prevails; that is to say, people are allowed to put up a still and take out a license, paying a daily tax; but that was reduced within the narrowest limits, and it is the object of Government to get rid of that out-still system altogether, if possible.

4008. Can you state what has been the result of this to the revenue?—The result to the revenue has been a gradual improvement.

4009. Have you got a table there showing what has been the increase of consumption, and the increase in revenue?—No, I have no table which distinguishes between liquors and drugs; but the abkari revenue generally of Bengal has increased gradually every year.

4010. The duty remaining the same?—The duty remaining the same.

4011. Do you know whether there has been any increase of intemperance in Bengal of late years?—I think among the upper classes there has been.

4012. But amongst the mass of the people?—No, I have not observed it myself. There was certainly a complaint against the out-still system; the missionaries made it a matter of official complaint to the Government, that under the influence of that out-still system drunkenness increased; but since that out-still system was abolished, and the Sudder distillery system was introduced, I have heard no complaints.

4013. Have you heard any complaints made by the missionaries that the British administration has tended to increase the consumption of intoxicating drinks, and intemperance among the people of Bengal?—Yes, I have heard that said so.

4014. Do you think there are any grounds for those complaints?—No doubt the consumption of intoxicating liquors has increased and is increasing.

4015. But do you think that the effect of that consumption has been perceptible in the condition of the people and in their manners?—No; I think they drink more; but there is no more perceptible drunkenness that I ever observed except among a few of the higher classes.

4016. But do they not drink English intoxicating liquors?—Chiefly.

4017. Mr. *Cave.*] Did the consumers distil these liquors for themselves before the British rule?—No, I apprehend that there was always a particular class of people whose business it was to distil liquors. It is a matter now which is very much in the hands of one caste.

4018. And was there a duty upon it in the time of the native princes?—I am not prepared to say. I do not know.

4019. Because upon that would depend the question rather, whether the British rule had increased or diminished the incentives to intoxication, would it not?—Yes.

4020. But you do not know whether they did or did not?—I believe there was some duty, but I cannot tell you what it was.

4021. Mr. *Birley.*] The licensing system has rather tended to facilitate the habit of drinking, has it not?—That system of petty licensing which I described undoubtedly had a tendency to do so.

4022. And, so far, it may be said that the British rule has increased drinking or has tended in that direction?—I think in that respect it did.

4023. But the present system, you think, will not have that effect?—The principle of the present system is to extract the highest possible amount of duty from every gallon of spirits that is drunk, and that would rather check it.

4024. If there is an increase of drinking, should you attribute it rather to the more prosperous condition of the natives than to any other cause; their having more money to spend upon it?—Undoubtedly.

4025. So that in the case of the native government it was rather their poverty than their will, I suppose, that led them to drink less, in your opinion, if it were the fact that they did drink less?—Yes; but I do not know anything about the state of the consumption then.

4026. I simply wished to know whether, in your opinion, there was any reproach upon the British Government in this respect?—I should say none.

4027. Mr. *R. Fowler.*] When you speak of intemperance having increased among the higher classes, is that among the Mahomedans or the Hindoos?—Among the Hindoos.

4028. The Mahomedans, then, act on the principle of their own religion?—I do not think that there is so much drinking among the Mahomedans of the higher classes as there is among the Hindoos.

4029. Of course we all know that in the Koran wine is prohibited to the Mahomedans and all intoxicating drink, in fact, and you think that they generally act upon that, as I understand you?—Yes, I do not think that there is much drinking among the Mahomedans.

4030. Sir *D. Wedderburn.*] Do fermented liquors, such as toddy, come under the head of abkari in Bengal?—Yes; my observations in reply to the Chairman's questions were directed exclusively to spirituous liquors.

4031. Is the spirit in Bengal distilled from rice or from other substances?—From rice and sugar, and in some parts of the country from the flower of a tree called the mouwah tree.

4032. Mr. *Beach.*] Is there any duty on spirits consumed by the troops, or is that supplied entirely by their own commissariat?—There is no duty levied on the spirits supplied by the commissariat to the troops. If the troops go into the bazaars and buy liquor on their own account they must pay for it of course.

4033. Have they the opportunity of buying spirits at their own canteen?—Yes.

4034. Are the spirits adulterated to any extent do you think in Bengal?—No, I think not. On two or three occasions complaints were made to the Government while I was there, and twice committees of inquiry were appointed, and they examined a great deal of liquor in most of the shops in Calcutta, but the only kind of adulteration they could find was simple dilution by water.

4035. In case of anything noxious being put into the liquor, would the license be renewed to the individual?—I cannot say whether that is one of the conditions of the license, or not.

4036. At all events the attention of the Government

ernment would be directed to it if it were known?—If it had been discovered on the report of that committee, that adulteration did prevail, I have no doubt that they would have taken means to put a stop to it.

4037. *Sir W. Lawson.*] Do you happen to know of some association entitled the Madras Association?—I have heard of them.

4038. What is it; is it a philanthropic society?—I think it is a sort of philanthropic society.

4039. I think that they have lately presented a petition to Parliament; have you had your attention called to it?—I have seen mention made of it in the newspapers, that is all.

4040. I will just read you one sentence from that petition, and I will ask you if you think there is any substantial truth in it?—Before you read the extract, I would venture to say that I know nothing about Madras. If it refers to Bengal, I am prepared to answer it.

4041. *Mr. Candlish.*] The object of the Government of India will be to stimulate drinking as much as possible, I suppose?—Certainly not.

4042. Their object is revenue?—Yes.

4043. The more drink, the more revenue?—Their object is to gain the largest amount of revenue from the smallest amount of drink.

4044. The natives have nothing to say to the introduction of licenses amongst them; they have no permissive Bill there?—Any person may apply for a license, but whether he gets it or not depends upon the Government officer.

4045. Exclusively?—Yes.

4046. In high temperatures, I presume, spirits will be very much more injurious to the human system than in a temperate climate like ours?—I should think they would.

4047. Have you known evils in physical and moral results to any large extent from the use of spirits?—Not among the natives; I have known such instances among Europeans.

4048. Not amongst the higher class of natives?—Yes, among the higher class of natives, not among the lower class of natives.

4049. *Mr. Hermon.*] I understood you to say that these retailers of spirits had a license, for which some of them paid as little as a farthing a day, and some a half-penny, and that it was a matter of bargain with the excise officer?—Yes.

4050. Has the excise officer arbitrary power in granting these licenses, or is he under control, and has he to refer the matter to head quarters first?—I think under the out-still system the local excise officer had power to grant such licenses, but he was bound to send in a daily or weekly report of what licences he granted to the principal officer of the district.

4051. I understood you to say that the arrangement was a matter of bargain between the excise officer and the retailer?—Yes.

4052. *Mr. J. B. Smith.*] Do you think that the English example of drinking spirits has had any effect upon the natives?—I think it may have had an effect upon the higher class of natives.

4053. An injurious effect?—An injurious effect.

4054. Is there much intemperance among the English in India; in Calcutta, for instance?—It may seem perhaps a contradiction, but if there is any drunkenness among Europeans in India, it is among the lower class of Europeans.

4055. The better class do not drink to excess?—No.

4056. But still you think that the English example of spirit drinking has had an injurious effect upon the natives?—I think so. I think that the higher class of natives, in following the example of English gentlemen in drinking moderately, have carried that habit too far, and taken to drinking to excess.

4057. Do the higher classes drink wine or spirits?—They began with wine, but I think in many instances they have taken to spirits now.

4058. *Sir T. Bazley.*] In cases where the natives are earning larger wages than formerly, do they save money out of that increase of wages?—Yes, I think they do.

4059. Do many of them expend any portion of that increase in better furniture or in better clothing?—Yes, they do.

4060. Then what proportion, may I ask, do you think, of the people are disposed to spend their increase of wages in intemperance?—I cannot answer that question.

4961. But you have seen a visible increase in intemperance?—Well, it is not everybody who drinks. The industrious and the economical spend their savings upon better clothes, and better furniture, and better houses; but those who are given to intemperance waste their money in drink.

4062. And they are the few who do that?—I think they are the few.

4063. *Chairman.*] Will you be good enough to explain how the next item, the fermented liquor excise, is collected?—The fermented liquors in Bengal are two. There is the tari, what is commonly called toddy, which is extracted from the palmyra tree and fermented; and the other is a kind of fermented liquor that they make from rice, which is called putchwye.

4064. *Mr. Eastwick.*] It is the fact, is it not, as we see from the native writings, that there was considerable drinking among the Mahomedans in the old days; we know very well that some of the emperors were drunkards, in fact?—So it is said.

4065. Therefore it is not a vice that has been introduced by the Europeans; it did exist before?—Certainly.

4066. It is also the fact, is it not, that drinking is part of the religion of one sect, at all events, the Tantrika sect; their ceremonies are performed with the drinking of spirits?—I do not think that they are known in the Lower Provinces, not in Bengal.

4067. Still they are a Hindoo sect?—I have heard that they are such.

4068. And also amongst the Hindoos drinking has been carried to a great extent; we know that Jeswunt Rao Holkar died of drinking cherry brandy, and that Runjeet Singh used to drink to excess?—Drinking was by no means unknown in those times.

4069. Is it not the fact that the aboriginal tribes drink to excess; for instance, the Santhals?—Yes, most of them.

4070. Is there any check upon their drinking; do we impose a license in the districts?—Wherever we can.

4071. But I suppose that there is an immense quantity of liquor manufactured among them that we do not touch at all?—Very little in the shape of spirits; the Santhals chiefly drink this fermented putchwye.

Sir C. Beadon, K.C.S.I.

9 May 1871.

4072. *Chairman.*] What arrangements are made for collecting revenue from these two fermented drinks of which you have spoken?—It is done simply by licenses for the sale of them.

4073. Are any licenses issued?—In some districts.

4074. How is the revenue obtained on the license; by what process?—It is an annual license.

4075. But how is the amount of revenue fixed on the license in this case?—By competition.

4076. By competition for a district, or for a single shop?—For a single shop, with a certain territorial monopoly attached to it.

4077. Is it only the one shop, or is the person at liberty to set up as many shops as he pleases within his district?—He must take out a license for each shop.

4078. Is that a fixed rate of duty?—No, it depends upon circumstances.

4079. How is it assessed?—By competition.

4080. On what principle is the competition established; is the district first marked out, and are the competitors at liberty to establish any shop they please within the area; or on what principle is the competition carried on?—There is a certain limited area, say, one village: there is very seldom more than one shop in a village; and any person who wishes to set up a shop for the sale of tari, or putchwye, applies for a license. Then a notice is stuck up in the village, and on a day appointed this little monopoly, as you may term it, is put up for sale.

4081. But supposing there is a shop already established in that village?—Then the collector will not receive an application; or if an application is made the person who already holds the license opposes it. If it is thought that the village is big enough to hold two shops the excise officer will allow two to be established, and let them compete with one another.

4082. In the case of a single shop, where a man has once obtained a license by competition, what is done in regard to the continuance of that license?—He has it for a year, and at the beginning of the next year it is put up again for sale.

4083. Then in towns, what is done where there is a considerable population; is the town divided into separate districts?—No, I think not.

4084. How is the issue of licenses regulated in the towns?—I believe in the same way. If a person applies for a license, it is to put up a shop in a certain locality, and that right is put up to auction.

4085. If the collector thinks it desirable?—Yes, if he thinks it wanted.

4086. Does he take any means to find whether it is desirable?—Yes.

4087. Does he make a report of the result of that inquiry?—Yes, to the principal excise officer of the district, and he exercises his discretion.

4088. Can you state what is the amount paid for these licenses by competition; do they vary very much?—They vary a good deal.

4089. Can you give us an idea of the maximum and minimum?—No, I cannot with accuracy.

4090. Do you know how much revenue is derived from this source?—The whole revenue derived from tari in 1868-69, was 537,000 rupees; and from putchwye, 128,000 rupees.

4091. I suppose whether it was the one or the other depending upon the natural produce of the district?—Yes, and the taste of the inhabitants.

4092. Is any land revenue taken for the trees, or is this excise the measure of the profit of the trees?—If land revenue is taken for the trees it is taken by the zemindar, the Government knows nothing about it.

4093. Is there another item?—The next item is the bhang or ganjah.

4094. On what principle is that collected?—Ganjah, which I believe is known by the botanical name of *Canabis Indica*, by accident more than anything else, happens to be grown only in two districts of Bengal. The cultivation in those two districts is under the general supervision of an excise officer who compels the cultivators to collect the hemp plant after it is cut and to store it in certain places under excise surveillance.

4095. And how is the duty levied then?—Then no one is allowed to purchase this ganjah, except licensed wholesale dealers. These licensed wholesale dealers apply to the collector for passes, for the quantity of a ganjah that they wish to take out for sale, and for those licenses they pay so much a seer (which is 2 lbs.) for the ganjah. They then go to these warehouses where the ganjah is stored and receive as much as is covered by their pass; that pass enables them to take the ganjah to wherever they please in any part of the country, and there they sell it to retail vendors who take out a license from the local collector for the sale of the ganjah, and the preparations that are made from it.

4096. Then there is a duty collected, both from the license to take the ganjah to manufacture, and from the license to retail the liquors?—Yes; but the principal duty is taken through the wholesale vendor.

4097. And is anybody entitled to take out a license to retail the liquor; or is there any restriction upon that?—Just in the same way as ordinary liquor licenses are taken out.

4098. Have you got the amount of revenue collected from this branch?—Yes; there are two sources. There is first the ganjah itself; the duty upon the ganjah in 1868-69 was 968,000 rupees; and the license duty for the retail sale of it was only 11,000 rupees.

4099. Has it been an increasing revenue?—Yes.

4100. Has the amount of the duty remained stationary, or has it been raised?—It has been raised. It used to be 2 rupees a seer, and I think it is now 3 rupees a seer; that is, it was 2 *s.* a pound, and it is 3 *s.* a pound.

4101. That, with what you have already mentioned, constitutes the whole abkari of Bengal?—Yes.

4102. Do you expect that this abkari revenue, as a whole, will steadily increase with the improvement in the population?—I should think so; it has done so hitherto steadily.

4103. Can you give us the amount that it was some years ago?—This is a table which gives the gross amount of abkari revenue in Bengal from 1852 up to 1868-69. In 1852 it was 282,000 *l.*; 10 years afterwards, in 1862-63, it was 567,000 *l.*; and last year, 1868-69, it was 710,000 *l.*

4104. Can you give the rates of duty at those different periods?—No, I cannot.

4105. That

4105. That is due partly to increase of ates and partly to increase of consumption of he commodities?—Yes.

4106. Sir *D. Wedderburn.*] I suppose, in the ase of these drugs, you would consider that evenue was the first consideration; it would ot be any drawback if the consumption were iminished, so long as the revenue was at a good igure?—Certainly the increase of revenue is he great object.

4107. It would be, in itself, rather desirable o check the consumption by increasing the duties, f you can do so without seriously injuring the evenue?—I think that is the case with regard o ganjah. I think it is a very noxious drug.

4108. What are the exact effects of it?—It roduces a violent intoxication. It is that drug nder the influence of which the Malays are upposed to be when they run-a-muck.

4109. Sir *W. Lawson.*] What is arrack?—Arrack is the country spirit, the spirit which is istilled by the country process. It is called rrack in Madras; in Bengal it is called doasta. he process is nothing in the world but a great arthen jar with a tube, which falls into a cooling essel.

4110. What is it made of chiefly?—Sugar and ice.

4111. And there is alcohol in it?—Weak lcohol.

4112. Arrack is consumed entirely by the ower classes?—Yes.

4113. With regard to the granting of the icenses, is there any inquiry made into the cha- acter of the individuals who are to get the icense to retail?—Yes; the magistrate makes nquiry; no collector's license is valid until the agistrate has made inquiry through the police.

4114. He inquires into the character of the an?—Into the respectability of the man.

4115. Does he, as he is supposed to do here, nquire into the suitability of the premises; is hat part of his duty?—No, I do not know that he question ever arises; it is generally nothing ut an open hut.

4116. Has the licensing authority power, or is he license authority desired to inquire at all into he wants of the people, or is he bound to grant he license totally irrespective of whether the eople wish for it or not; does that consideration ome into his duty?—No, I should think not.

4117. And I think you said that no licenses re granted for more than a year?—Yes.

4118. Mr. *M'Clure.*] Is the sale of the dif- erent descriptions of liquor combined in one stablishment?—Sometimes it is; but a man as to take out a separate license for the sale of ach.

4119. Mr. *Candlish.*] I think I understood ou to say that the wholesale dealer in ganjah ays on quantity?—Yes.

4120. The retailer not on quantity, but a spe- ific sum for a license to sell?—Yes.

4121. The duty paid by the wholesale dealer s large in proportion to the actual and ultimate ost to the consumer?—Yes.

4122. What proportion does the duty bear to he consumer's price?—I cannot tell you what he consumer pays.

4123. Speaking of value generally in any sense ou please, what proportion of the price generally s duty, and what is intrinsic?—The duty paid y the wholesale dealer is nearly 10 times what e pays the ryot for the plant.

4124. Then there will be in that case an enor- mous temptation to smuggling?—Yes, there is.

4125. And an enormous amount of smuggling in proportion to the temptation?—No; because it is not an article that is easily concealed; it is not an easy article to smuggle; it is not like opium.

4126. Do you think that there is not much smuggled?—Not much.

4127. Mr. *B. Denison.*] Did I rightly under- stand you to say that the shops for the retailing of spirits were accurately defined by the local district authorities; was not the question asked you, whether the surveyor of license was at liberty to open shops at his own pleasure, or whether the wishes of the people were considered in the matter?—I do not think that the excise officer consults the wishes of the people much. I think he grants a license to any respectable person applying for it, providing he can give security.

4128. We are speaking now of native spirits?—Yes.

4129. Is it not the practice to put the license up to auction, giving, at the same time that the auction is held, a specified list in detail of the places in which it is open to him to have shops?—Yes, I believe it is; he gets a monopoly within certain specified limits.

4130. But, is the license holder, or the con- tractor, as we had better call him, at liberty to multiply the number of shops for sale without the leave of the authorities?—Certainly not. In Bengal he is obliged to take out a separate license for each shop.

4131. Have you had reason to find fault with the extension of these spirit shops along the great roads of the country as promoting crime?—No; I never heard of any such fault being found with them.

4132. You have not had applications made to you from the magistrates, or from police officers, to decrease the number of spirit shops along the main roads of the country?—I do not recollect anything of the kind with reference to the main roads particularly, but magistrates have com- plained that the shops have been unduly multi- plied for revenue purposes. But now magistrates have it in their power to veto the establishment of a shop.

4133. As distinct from the collector and the revenue officer?—Yes.

4134. Then what would be the process under the new system previous to the annual sale; would the magistrate supply a list of places at which it was desirable to have shops?—I think the license would be granted subject to the ap- proval of the magistrate in the police department.

4135. It is fair and correct to assume, is it not, from long observation, that in years in which the abkari revenue is on the increase, the condition of the people is generally easy?—Yes, I think so.

4136. That is the observation of long expe- rience?—Yes.

4137. You do not think that under the present system there is any moral evil connected with the system for which the Government are fairly responsible?—No, not under the present system. I think so far as the Government interference goes, it must tend to check drunkenness rather than to increase it.

4138. In fact, all the regulations of the Go- vernment are devised with a view to make the sale of spirits as difficult as possible, and to get as high a price as possible for revenue purposes?—I think so.

Mr. WILLIAM GEORGE PEDDER, called in; and Examined.

Mr. *W. G. Pedder.*

9 May 1871.

4139. *Chairman.*] WHAT appointment do you hold in India, or have you held there?—I have been an Assistant Magistrate and Collector for some years; afterwards, I was about 10 years in the Settlement Department of the Revenue Survey, and employed on various kinds of special duties; and I have lately been employed to conduct an inquiry into the Salt Department in Bombay.

4140. Will you be good enough to state what has been the system of collecting the salt revenue in Bombay?—The system is that of an excise. A portion of the revenue is levied by means of an import duty.

4141. When was the excise system introduced into Bombay?—The excise system was introduced into Bombay first in the year 1837. Before that time there was a sort of rough system, but the regular excise was introduced in 1837.

4142. Was the duty previous to 1837 imposed in the form of a transit duty from the districts where the salt works were?—Partly so; partly excise; partly monopoly price at the various salt works which were the property of the Government.

4143. In that year one uniform plan was established, as I understand?—Yes.

4144. What was the rate of duty?—Eight annas per Indian maund of 82 pounds.

4145. Was that afterwards increased?—That eight annas was imposed in 1837, in substitution of transit duties then abolished, and in 1844, I think, town duties and taxes on professions were abolished, and the salt duty was raised to 12 annas.

4146. And what changes have been made in the duty since that time?—In 1859, I think, the duty was raised to one rupee, in 1861 to one rupee and a quarter, and in 1865 to one rupee and a half, and in 1869 to one rupee and 13 annas.

4147. Will you be good enough to state the exact system on which you levy the excise duty on the manufacture?—In the greater part of the Presidency the system is that of a free excise. In the northern part of the Presidency the works are all actually the property of the Government, and the Government pays a fixed price for the salt to the makers. In the rest of the Presidency the system is that of a free excise upon manufacture, the manufacturers being required to take out licences to open works, and certain precautions being taken to prevent smuggling.

4148. And may any one that possesses land suitable for the evaporation of salt take out a license?—He may apply for it.

4149. Does he get a license as a matter of course?—No, certainly not. He must show that there is likely to be a considerable demand for his salt.

4150. Is that a view merely for the correct collection of the revenue, so as not to allow small works to be established?—With a view to the protection of the revenue.

4151. Subject to that condition, that it is to be on a sufficient scale, he is at liberty to take out a license?—According to the present law, the Commissioner of Customs has the right of suppressing any work at once that does not produce 5,000 maunds per annum, and that is the limit that is aimed at.

4152. If he can show that he can produce as much as that the license is given to him?—As a rule.

4153. What is the rule in the north?—In the north the whole of the works are the property of Government, and have been from time immemorial, and the manufacturers manufacture the salt at a fixed price of one anna and a quarter per maund.

4154. By contract with the Government?—By contract with the Government. They ask permission to manufacture, and for what they sell they receive one anna and a quarter per maund.

4155. They are tenants under the Government?—Yes.

4156. Are the tenants permanent, or is there any system of competition?—No, there is no system of competition at all; they are mostly cultivators as well as salt makers, as a rule.

4157. Can you state what has been the growth of the revenue under the system, or rather of the production of salt?—Besides the deliveries for the interior consumption, for the consumption of the Bombay territory itself, a very large quantity of salt is exported by sea either to the Madras coast or to Calcutta; deducting that, the increase has been very small. In the first five years, for which we have accurate accounts, beginning with 1843-44, the average sales were Indian maunds 30 lacs, 39,000; and in the last five years ending with 1868-69, they were Indian maunds 30 lacs and 44,000, that is to say, taking similar areas. I have omitted in that the district of North Canara, which was transferred in the interval from the Madras Presidency to the Bombay.

4158. Does that include all the salt that was sent into the interior after paying duty?—All the salt that was sent into the interior, after paying duty, but not the salt that was exported by sea.

4159. But is the salt so sent into the interior consumed both within and beyond the Bombay Presidency by native states?—Yes; it is consumed both by the possessions of the British Government within the Bombay Presidency, by the native states included within the Bombay Presidency, and also to a considerable extent by the Central Provinces and Central India generally.

4160. You are not perhaps able to give any very definite area for the consumption of the Bombay salt, or have any means been taken to ascertain that?—Yes, I think I can; the quantities of salt I estimate to be as follows; that the average amount consumed within the Bombay Presidency is about 21 lacs and 86,000 maunds; that exported to Berar and the Central Provinces about four lacs and three-quarters; that to Malwa, and other foreign states, about a lac and three-quarters; and to the Nizam's dominions and Mysore, about four lacs.

4161. With these corrections that you have just stated, are you able to state what has been the consumption per head or otherwise of salt in the Bombay Presidency?—It is difficult to say within a certain margin, because our census is very imperfectly framed; but I estimate that the

annual consumption in the Bombay Presidency itself is just under 11 pounds.

4162. Having regard to the increase of population during the period that you have mentioned, and the facilities that have been given for carrying salt into the interior, do you suppose that the consumption per head of salt has rather diminished than increased in the Bombay Presidency?—I think the real consumption has increased considerably, but I think that the licit consumption has diminished. I mean that smuggling has increased largely.

4163. Is it your opinion that the actual consumption of the people in the Bombay Presidency is increasing, though the consumption of that which pays duty has diminished?—Yes.

4164. Have you any idea of the extent of the salt that is illicitly sold?—The best estimate that I have been able to make is that the actual consumption is about 14 lbs., the licit consumption now being a little under 11 lbs., taking the Presidency as a whole.

4165. Are there any other sources for the introduction of salt into the Bombay Presidency than the salt pans along the sea coast?—A large quantity of the best salt is made by solar evaporisation from the saline deposit on the Runn of Catch.

4166. Is much of that salt produced without any labour naturally?—There is a quantity of salt naturally produced upon the Runn; but the whole of the salt that is used except by the people immediately in the vicinity is manufactured salt, manufactured by solar evaporation.

4167. Is there any other source?—A quantity of free manufactured salt is imported from Cambay and the Portuguese dominions of Goa and Damaun.

4168. Is there a strict frontier cordon to levy the duty on that salt?—Yes; a good deal is supposed to pass without paying duty, the country being wild.

4169. The customs duty is the same as the excise?—Yes.

4170. By what other means do you suppose there is such a large quantity of salt produced for consumption illicitly?—The works being very much scattered on the sea coast and all the tracts very difficult to guard, and there being a strong temptation to smuggle, it is very difficult to guard against it, and, I think, hitherto, the people employed to guard have been underpaid and not sufficiently numerous.

4171. Is it to that that you ascribe the growing system of evasion of the duty?—I think so. I think that a system of free excise permits smuggling more than the system of monopoly in Madras.

4172. Have you studied that Madras system?—As much as I have been able to do by correspondence with other officers; I have not seen it.

4173. Do you think that a monopoly system affords greater facilities for the collection of the duty?—I think so.

4174. But do you think that, relatively, there is less smuggling in the northern half of the Presidency than in the southern?—No; because, though the salt pans belong to Government, we have not taken the same precautions that they have in Madras.

4175. In Bombay does the Government take its salt into its own store, or does it allow the person who manufactures it to sell it direct to the merchants?—He sells it direct to the merchants; he is supposed to store it, but within certain limits.

4176. The salt does not come into the possession of the Government?—No.

4177. Who pays the duty; the man who manufactures it, or the merchant who purchases it from the maker?—The merchant when he takes it.

4178. Does he take a permit to remove a certain quantity of salt?—Yes, to remove a certain quantity to a certain district, and having paid a certain price; and upon that quantity of salt he pays the duty; and it is then delivered to him under the inspection of a Government officer by weight.

4179. Is the process very much the same as is adopted on the southern side, where there is no Government manufacture?—The same process is adopted in both divisions; only in one case the salt belongs to Government, and in the other case to private persons. In the southern division the price is fixed by bargain between sellers and buyers, and in the other case the Government fixes a permanent price.

4180. Is there any difference between the two prices?—The average price is almost exactly the same; but, whereas the price in the northern division, which the Government fix, is always 2 annas a maund; in the southern it varies from an anna and a quarter up to 3 annas.

4181. Depending upon what circumstances?—A great deal upon the demand, and also a great deal upon the different qualities of salt; there are two or three qualities of salt that are specially liked.

4182. Is there any difference in the cost of collection in the northern and southern divisions?—No, I do not think there is.

4183. Practically, then, the only difference is, that in the one case there is a fixed price, and in the other case the manufacturer and the merchant settle the price between them?—That is practically the only difference.

4184. Is it your opinion that it would be desirable to adhere to these systems, or one of them, or to make any change?—I think originally it would have been better to have introduced the Madras monopoly system, but I do not think that it would be practicable to do so now, because it would interfere with vested interests.

4185. Which of these two systems would you retain?—Where the works are now the property of the Government, I would still retain them as the property of the Government, because when they are the property of the Government they are much more easily supervised.

4186. On what principle do you think it desirable that the Government should be the proprietor of salt works?—I think that where you have a very heavy excise duty, with very large temptations to smuggling, the supervision must necessarily be exceedingly close.

4187. But, as far as I can understand from you, the supervision is just the same in either case?—Not exactly so; the system of supervision is the same, but in the one case, where the salt is actually the property of Government, it can be stored much more effectually, and be much better watched, than it can where it belongs to a number of persons, each of whom can store it over a very large area.

4188. Do you think it desirable that the two systems should still continue in force in Bombay?—I think so, with modifications.

Mr. W. G. Pedder.

9 May 1871.

4189. What modifications would you make to put an end to the large extent of illicit consumption which you suppose exists?—I think that the smaller works ought to be suppressed, and the larger works increased so as to concentrate the manufacture as much as possible; that the system of storing should be as much as possible modified, so that Government should know what amount of salt is produced and sold, and what amount of duty is paid; and that the number of the native officials ought to be increased.

4190. It would seem from the figures you have given, that the illicit consumption has been gradually increasing as the rate of taxation has been increasing?—I think so; there has been a greater temptation to smuggling.

4191. Have you got a statement showing the growth of the revenue during the periods that you have mentioned?—Yes.

4192. Will you kindly give the average of the first five years and the last five years?—The average of the first five years at a duty of 12 annas a maund was 23 lacs and 90,000 rupees; and the last three years, that is to say, at the duty of 1 rupee 8 annas per maund, it was 45 lacs and 55,000 rupees, or 45½ lacs.

4193. Have you heard any complaints from the inhabitants of the Presidency as to the increase of the duty?—No, I do not think so. On each occasion when the duty has been raised, there has been a certain amount of complaint, but not from the people themselves. I think the people feel it very little.

4194. Is salt used in the Bombay Presidency for any other purpose than for domestic consumption?—A good deal is given to cattle, and a good deal is used for curing fish.

4195. Have those who used it for the commercial purpose of curing fish raised any complaint about the increase of duty?—No, I have not heard any; but I think they smuggle a great deal of their salt; they have facilities for smuggling from foreign territories.

4196. But there is no exemption allowed them?—No.

4197. Do you think that this duty prevents the use of salt for agricultural purposes?—It is very difficult to say. I do not think it would be used under any circumstances, except to give to cattle; but it is supposed that the cattle get a little less than they otherwise would.

4198. Do you think that it keeps down the industry of curing fish?—I think not, as a fact. If the duty was really paid, I think it would put our fishermen at considerable disadvantage compared with the fishermen of a foreign territory, Kattywar, for example; but as a fact, I believe nearly all the salt used on the coast is smuggled, partly that it is removed illicitly from our own salt pans, and partly that it is brought in the fishing boats themselves from the native territories.

4199. You think that that fact modifies the inconvenience that would otherwise result from increased duty?—Yes. I should explain that the inconvenience to the fishermen is this, that their fish which is cured with salt, supposed to pay the tax, is brought into competition with foreign fish brought to Bombay salted with foreign salt.

4200. Is there much disposition to carry salt fish into the interior, as an article of food?—It is carried very largely into the interior.

4201. Do you think that the revenue from salt in Bombay is capable of improvement?—I think that a stricter system would certainly increase the revenue.

4202. By putting down illicit consumption, you mean?—Yes.

4203. But do you think that the revenue could be raised still further?—I should be sorry to see it raised much further. It might go up to two rupees; above that I think it would check consumption.

4204. Can you explain why the people of Bombay should be less able to pay the rate of duty of three rupees than the people of Bengal?—I should very much doubt whether they are less able to do so.

4205. We have been told that the people of Bengal do not feel the present rate of duty; how is it that the people of Bombay would feel it?—The danger I think of raising the duty considerably in Bombay would be, that there are so many facilities for manufacturing salt or bringing it across the frontier if you raise the duty.

4206. *Mr. B. Denison.*] What frontier do you refer to?—The frontier between Rajpootana and Bombay, around the Portuguese dominions and that which divides Bombay from Kattywar.

4207. *Chairman.*] Is that Rajpootana salt a sea salt, or how is it obtained?—It is manufactured almost in the same way as the salt of the Runn is manufactured. I do not consider that the tax presses at all heavily upon the people at present. The incidence of the tax is about 3 annas 8 pies per head per annum; that is exactly 5 *d.*

4208. What do you consider to be the earnings now of a labourer in the rural districts of the Bombay Presidency?—Agricultural labourers are almost entirely paid in grain, but upon the railroads, and on the public works, and buildings in towns, unskilled labour is paid from four to six, and even up to eight annas a day; I think that six annas a day you might put down as a fair average for a man.

4209. Then, in your opinion, there is no ground for complaining of the oppressive character of the present amount of the tax as regards the consumption of the people?—No, I think not.

4210. Mr. *Cave.*] Yet you say, that unless there were smuggling, the tax would be oppressive?—In the especial case of the fishermen, and I have given the reason, namely, that the fishermen are exposed to unfair competition.

4211. The fishermen are part of the population, and the salt tax interferes seriously with their industry, does it not?—It ought to interfere with it, but it does not. I think the reason is, that when the Customs Act was passed, a mistake was made in exempting foreign fish from taxation.

4212. You think that if a customs duty was imposed upon foreign fish, then the smuggling would cease among those who cure fish in the Bombay territory?—They would not have the same cause for smuggling.

4213. Then with regard to the rest of the population you do not think that the tax does press at all heavily upon them?—No.

4214. And do you think that they do not use smuggled salt?—In many places there is a sort of trade in smuggling; many of the people who live along the sea coast, fishermen or others, smuggle either across the frontiers, or from our own pans. That however does not affect the cost

to

to the people the least in the world; the consumers pay as much for smuggled salt as for salt that has paid the duty.

4215. But the revenue loses?—Yes.

4216. Would it not be better to have a lower duty, which would discourage the smuggling trade; would not that be more profitable to the revenue?—I think that unless you put it down to 8 annas or 12 annas a maund, it would not make much difference.

4217. You stated that you thought the best plan would be for the sake of the revenue to increase the stringency of the customs?—Yes.

4218. And it is a question between that, and lowering the duty sufficiently to make smuggling unprofitable; which would, in your opinion, be the best for the revenue?—I think there can be no doubt that we should lose revenue by lowering the duty now. Every time we have raised the tax we have raised the revenue, therefore by lowering the tax we should lower the revenue.

4219. We were told that in Bengal the salt tax was a sort of poll tax, and that whatever the price was the people consumed pretty much the same amount in the course of the year; would you say the same as to the people of Bombay?—I should say very nearly so. I think that a heavy tax would to a certain extent check the consumption, and make the people more careful in the use of the salt.

4220. Would there be any difficulty in imposing a customs' duty upon foreign fish?—I think there would, there are so many small creeks and ports into which ships can run.

4221. You think that the expense of maintaining it would be greater than the profits derived from it?—I should be inclined to think so.

4222. Mr. *Fawcett.*] According to your statement, there has been an increase in the salt duty since 1840 of 250 per cent., has there not?—Nearly 250 per cent.; it is from 8 annas a maund to 1 rupee 13 annas.

4223. That is more than 250 per cent.?—I think it is rather more. One rupee 12 annas would be 250 per cent.

4224. Why has that been the case; is it owing to the exigencies of the Government?—I suppose so; also because it has been strongly urged upon the Bombay Government by the Government of India and by the Government of Bengal, that it was unjust that the people of Bombay should be taxed so much lighter for salt than the people on the other side of India.

4225. Still the last increase of duty was distinctly, was it not, in consequence of a heavy financial deficit?—Yes.

4226. So that, speaking generally, this tax has been steadily increasing since our rule began in India?—From the time it was first imposed it has been raised at intervals.

4227. So that we may look forward, I suppose, to this, that if the state of Indian finance continues with a steadily increasing expenditure, the demand to raise the salt duty in Bombay will be continued?—I can hardly tell you that; I suppose, as long as the duty on the other side of India is 3¼ rupees a maund, there will always be a tendency to increase the Madras and Bombay rate to the same level.

4228. Still I understand that the prompting cause which led to the last increase of duty was not so much equalisation as the financial exigencies of the Government?—That was the cause generally assigned, I believe.

4229. Can you give me any idea what would be the cost of salt in many parts of Bombay where it is produced, for instance, in Cutch, if it were not for the duty, and supposing the trade were perfectly open?—I should think it would be exactly what the cost is now without the duty, that is to say, from 1½ to about 3 annas a maund.

4230. You may say, on an average, about 2 annas?—Yes.

4231. And now the cost is 1 rupee 13 annas?—You may say that the cost is 1 rupee 15 annas, taking the average price of salt.

4232. So that in this case we have an article of general use, taxed at the rate of 1,600 per cent.?—If you look upon it as excise, of course it is so.

4233. In whatever way the duty is levied, that does not make any difference; the people have to pay 1,600 per cent. more for the article because the Government has to levy a revenue from it?—I should say that the people have to pay a sum of about 3¾ annas per annum per head.

4234. That is what they have to pay in the year, but that is not the point; I want to bring out clearly what the amount of the duty is, and to show that price of an article of general necessity is increased by 1,600 per cent. in consequence of the revenue that the Government levies from it?—Yes, that is to say, that the excise bears that proportion to the original cost of salt.

4235. I understood you, I think, that the average consumption in Bombay on duty paying salt was 14 lbs., and that, besides, that there was an average consumption to each person of 11 lbs. of illicit salt?—No; I say that the consumption of licit salt is about 11 lbs., and I estimate the total consumption, including smuggled salt, to be about 14 lbs.

4236. Then, according to that statement, the consumption of illicit salt exceeds by 400 per cent. the consumption of duty-paying salt?—No; out of the total amount of 14 lbs. which I estimate to be the amount consumed by each one of the population, 11 lbs. pays duty and 3 lbs. does not pay duty.

4237. Then about one-third of the salt consumed, according to your figures, is illicit salt?—Not one-third, I think rather less than one-fourth, is it not?

4238. In what way is smuggling salt punished in Bombay?—It is chiefly punished by the confiscation of the salt, and any ship or vessel that contains smuggled salt.

4239. Is it treated ever with a pecuniary fine or imprisonment?—In bad cases a fine is levied in addition to the value of the salt.

4240. I understand you to say that the salt duty now is so heavy that it is impossible for anyone in Bombay successfully to compete with others in an important branch of industry unless prepared to smuggle salt?—I think it is not fair to expect our fishermen within the limits of the territories of the British Government to salt fish with salt that pays a heavy tax, in competition with the inhabitants of Kattywar, who pay a comparatively light tax.

4241. You look upon smuggling as a moral offence, do not you, as dishonesty?—Yes, certainly.

4242. Then what your statements lead to is this, that with regard to those people who are moral and honest, and are not prepared to rob the Government, it is impossible for them to succeed

Mr. *W. G. Pedder.*

9 May 1871.

ceed in their industry?—I do not think that the moral question arises in the minds of the fishermen.

4243. But supposing that some fisherman should be moral, and should say, "I cannot consent to rob the Government," it is impossible for that man to obtain a living from honest industry?—He would not be able to obtain it by salting fish.

4234. So that the effect on the revenue would be that you have a duty so high that you tell all the people that none but the dishonest can engage in it, and it is no use for the honest to compete in it?—I think we made a mistake in not putting a corresponding duty on the import of foreign fish. This duty was originally imposed on foreign fish, especially for the purpose of enabling fish manufactured with taxed salt to compete with it, and it was taken off, I think, by a mistake, not many years ago, without due reflection.

4245. I understood you just now, in answer to a question put to you by the Right Honourable Member for Shoreham, that there were peculiar and special difficulties in placing an import duty upon foreign fish; that if you attempted to do so the facilities for smuggling would be so great there, that instead of lessening smuggling you would extend the area of it?—A considerable number of years ago we took off almost all interportal duties for that reason; then the duty upon fish was still kept up; after a time those duties were still further lowered, and the duty was taken off the foreign fish.

Friday, 12th May 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Eastwick.
Mr. Beach.	Sir James Elphinstone.
Mr. Bourke.	Mr. Fawcett.
Mr. Cave.	Mr. Robert Fowler.
Mr. Crawford.	Sir Wilfrid Lawson.
Mr. Cross.	Mr. Lyttelton.
Mr. Dalrymple.	Mr. M'Clure.
Mr. Beckett Denison.	Mr. J. B. Smith.
Mr. Dickinson.	Sir David Wedderburn.
Mr. Grant Duff.	Sir Charles Wingfield.

THE RIGHT HON. ACTON SMEE AYRTON, IN THE CHAIR.

Mr. WILLIAM GEORGE PEDDER, again called in; and further Examined.

Mr. *W. G. Pedder.*

12 May 1871.

4246. Mr. *Fawcett.*] WAS I not correct in assuming that you stated, in reply to the Right Honourable Member for Shoreham, that it is almost impracticable, in consequence of the facilities of smuggling, to levy the import duties upon salt fish?—I do not think I said that it was impracticable, but I said that it was rather difficult.

4247. And you stated that the reason of the difficulty was, that there were almost innumerable small creeks and harbours which it would be almost impossible to watch?—It would require a larger establishment to watch them, probably.

4248. But was not the tenor of your previous evidence directly opposed to the imposition of an import duty on fish?—Yes, I think so. My own view is, that it would be better to allow each fishing-boat a certain quantity of untaxed salt, free salt.

4249. But you think the present system, in which you say, virtually, that no man can engage in this trade unless he is prepared to rob the Government, is a state of things which it is very undesirable to continue?—I think I ought, perhaps, to explain that, even supposing the duty was considerably lowered upon salt, I do not think, unless it was lowered to almost nothing, that fishermen would use taxed salt; for this reason: the way in which the fish is prepared is this; the fish are split, soaked in strong brine, and then dried in the sun. Now, it is almost as easy for the fishermen to make the brine by partially evaporating sea water as it is for them to obtain the salt which is procured from totally evaporated sea water, and make it into brine, and that would be very difficult to check. Therefore I think, myself, the question of salt fish, though it looks in theory an injustice to our fishermen, does not practically affect them much.

4250. But still is not that contradictory to your former evidence, in which you said that necessarily they must smuggle salt?—I say that whatever salt they do take in the state of salt, they most probably smuggle or obtain in some illicit manner.

4251. Now, leaving the fishermen, I believe you stated that out of the average consumption of salt for each inhabitant of the country to which you have referred, 11 lbs. is duty-paying salt, and 3 lbs. smuggled salt?—That is the estimate that I have formed.

4252. Then a considerable number of people are even engaged in selling smuggled salt and buying it?—Yes; there are certain classes who smuggle salt across the frontiers; and the manufacturers of salt, if not very closely watched, are very apt to dispose of salt not duty-paid, or more commonly to give a larger weight.

4253. You impose a penalty upon the people if you can detect them who engage in this trade, I suppose?—Yes, the penalty is the confiscation of the smuggled salt and of any vessels, or animals, or carts that carry it.

4254. In any case where the offence is repeated, is smuggling punished by imprisonment?—I am not quite certain, but I think it is never punished by imprisonment except as a means of levying the extra duty which is not paid.

4255. If a man cannot pay the fine he is put in prison?—If a man cannot pay the fine he is imprisoned.

4256. Do you punish not only persons who sell, but also those who buy this salt?—No, I never heard of its being done. To speak more accurately, the persons punished are those in whose possession smuggled salt is found. They probably have bought it before; they are probably intermediate persons, persons who have bought it for the purpose of selling.

4257. So that one effect of this salt duty is that you offer very great temptations to a very considerable number of the people to engage in a dishonest and illicit traffic?—The temptation is certainly great, because the duty is large in proportion to the original cost of the salt.

4258. And that temptation with its demoralising influence will rapidly increase; in fact, increases in proportion as the salt duties are increased?—The higher the salt duty the greater is the temptation, doubtless.

4259. I believe you stated that the last rise in salt was prompted in consequence of the financial exigencies of the Supreme Government at Calcutta?—It was so stated.

4260. Therefore if this system continues of expending each year an amount exceeding the revenue, probably another demand will be made

Mr. *W. G. Pedder.*

12 May 1871.

for an increase of the salt duties, to bring them up to the Bengal limit?—That is a matter of opinion. My own opinion is that it would be better to increase the salt duties in Bombay and Madras to something more like the level of the present duty in Bengal, than to impose new taxes.

4261. But you say that, although having clearly recognised the fact, that each increase of the salt duty increases smuggling, and tends much to demoralise the people?—I think all imposition of taxation tends to demoralise the people in that sense; they always endeavour to evade it, I mean, if possible.

4262. But am I to understand you, that with regard to all taxes that are imposed in India, there is the same proportionate amount of smuggling and evasion that there is with regard to the salt duty?—The salt tax may be said to be the only real tax upon necessaries.

4263. Then when you say that the objection that you have attributed to the salt duty applies to other taxes; what do you mean by that?—I mean to say that in the case of an income tax, for instance, the people cannot be expected to give true returns of their incomes; it demoralises them in that way.

4264. Then what your evidence would come to would be this: that there is no new tax which you could suggest which would be less objectionable than the salt duty; probably it would be more objectionable, and at the same time you recognise this fact, that if the salt duty were to increase, it would very much tend to increase smuggling?—Yes; I think that if the salt duty is increased we shall require a more careful administration of the Salt Department, and more strict preventive measures.

4265. That is the general description in your mind of the present financial position of India?—Yes.

4266. Then this lesson is brought home to those who have the administration of the finances of India, that the position of the revenue and expenditure is such, that if they allow the expenditure to go on increasing as it has increased beyond the revenue, they will either have to increase the salt duty or impose some new tax, which is still more objectionable?—I think that the question is between the extent to which we shall improve administration in India, and the extent to which it is necessary to increase taxation. If we reduce taxation we must go back to the old system of doing nothing for the improvement of India. If on the other hand we make improvements in the administration and in the public works of India, we must raise a proportionately larger revenue.

4267. But without now entering into the point as to the advantages which the people of India may get from increased expenditure, we must put this as a fact, that increased taxation means, according to your opinion, the increase of the salt duty, or the imposition of a tax still more objectionable?—I think so; I think that no tax suggests itself to me that is less objectionable than the salt duty.

4268. Sir *D. Wedderburn.*] I gather from your evidence, that in spite of salt being such a bulky commodity and small in value, there is a great deal of smuggling and illicit traffic in salt in the Bombay Presidency?—It is almost entirely a matter of opinion. The best estimate that I have been able to form is, that about three pounds out of 14 pounds are smuggled.

4269. Is it not the case, that in the Bombay Presidency, particularly in the northern part of the Bombay Presidency, you have greater difficulties to contend with in the way of the frontier than they have in any other part of India; and you are more mixed up with native states, besides having the Portuguese dominions adjoining you?—Yes, I certainly think so.

4270. Would it not be possible, by a convention with the native states analogous in some degree to the Zollverein, to diminish very greatly the smuggling?—Yes, I think it might be possible. But the smuggling to which we are most exposed is from Rajpootana, and I think that Rajpootana is probably the part of India with which we should effect a treaty of that kind with the greatest difficulty. I think, with regard to the Portuguese dominions, and also to other foreign states more within our own territory, that some sort of convention might be comparatively easily arrived at; but with Rajpootana there would be a difficulty.

4271. Is salt smuggled in any large quantities from the north, from the Punjab, or from Cutch?—I am not personally acquainted with Scinde, but Scinde produces salt almost everywhere naturally, and the duty is consequently small.

4272. In the southern part of Bombay, where you have a different system, is the illicit traffic in salt very extensive also?—Yes; I am inclined to think that it is extensive; in some places very extensive.

4273. Then, with regard to measuring and weighing, I should like to understand the method employed; I understand that in inland dealings the salt is measured instead of weighed?—That was the case until within the last few years; but quite recently a uniform system of weighment has been everywhere established.

4274. Are you aware what proportion the salt tax in Bombay bears to that in France, or other foreign countries, at the present time?—I think that the salt tax in France was recently 1 franc to 10 kilogrammes, which is almost exactly 1 rupee 8 annas per Indian maund, which is just the same as the Bombay tax was till 1869, and the incidence of the tax in France is stated at about 8½ *d.*

4275. Then am I right in inferring from your evidence that the amount of smuggling of salt in the Bombay Presidency is not so much due to the fact that the limit of just taxation has been reached, as to the peculiar circumstances of the Bombay Presidency?—I think the great cause of smuggling is, that in order to avoid any possibility of a shortness in the supply of salt, or of the people being put to any inconvenience in obtaining it, we have kept up a great number of works, and our system has been generally lax, and the consequence is that I do not think the price of salt in Bombay is at all raised beyond the amount of the tax.

4276. Mr. *Beach.*] Has dissatisfaction been expressed whenever the tax on salt has been raised?—I think at the time it has been raised, generally there have been some complaints.

4277. In what way has that dissatisfaction been expressed?—I think we judge generally by the native newspapers.

4278. Mr. *M'Clure.*] Would it be expedient, and would it be practicable, to make arrangements to allow salt to be obtained for curing fish free of duty, so as to encourage the curing of fish, and

and enable it to compete with foreign or imported fish?—Yes, I think it would be practicable.

4279. And in your opinion would it be desirable?—I think, to a certain degree it would be desirable.

4280. Mr. *J. B. Smith.*] Did you state what the duty was on the import of salt fish?—I forget exactly what that duty was. I think 10 per cent. *ad valorem.*

4281. Mr. *Eastwick.*] Did you state the amount of salt that is used in curing fish; have you any returns of that?—It is usually said that a fishing-boat requires about 20 maunds in the course of a season, but I do not think that is at all a reliable estimate.

4282. There are no reliable returns?—I do not think that there are any reliable returns.

4283. Is the pullah fish introduced into Bombay and then salted?—I am not quite sure; it may be; there is some fish that comes from Scinde to Bombay. The salt tax in Scinde is very low; I think 6 or 8 annas a maund.

4284. Do you think that if the duty was reduced in Bombay, the increase in the consumption of salt would make up for the loss to the revenue?—No, I think not, because the consumption remaining stationary for the last 25 years, the revenue has about doubled; and I do not think it is possible to suppose that our consumption has been checked more than about 25 per cent. by the increase of duties, so that by that computation we should lose 25 per cent.

4285. Mr. *J. B. Smith.*] Do you know what the duty on salt is in Rajpootana and the neighbouring states?—It is almost impossible to say, because it depends upon the distance which the salt travels. The duty is almost entirely levied by a system of transit dues. If it travels far, the amount of transit dues amounts to something considerable. On the spot, the Government in whose territory the salt is produced generally levies a duty something like the prime cost of the salt, that is to say, if the salt costs 1 anna to produce, the Government would sell it at 2 annas.

Mr. *W. G. Pedder.*

12 May 1871.

4286. Then it is not likely, under such circumstances, that the native states would enter into any arrangement to stop smuggling, their duty being so much lighter?—Their treasury would be very glad, as a rule, to receive their share of a higher duty. Supposing there was a uniform salt duty imposed throughout India, I think, so far as I know, that the treasuries of the native states would be very glad to receive a share of it. They are generally only too glad to find an opportunity of raising something more from their subjects.

4287. They must raise their duties in that case?—Yes; and I suppose some equivalent tax must be taken off their subjects.

4288. Do you think that that would be objected to?—I think it is almost impossible to say, but the whole of the Guicowar's territory, and the whole of the foreign states within the Bombay Presidency, pay salt tax to the British Government.

4289. The same rate as they do in Bombay?—Exactly the same as in our own territory, the reason being that our power succeeded to that of the Peishwa; and the Peishwa's government had reserved to itself the right of levying salt duty throughout what are now British and foreign dominions.

4290. *Chairman.*] Is the Malwa and Ragpootana salt natural salt, or artificially made?—Some of it is natural salt, but what is exported is chiefly artificially produced from certain salt lakes.

4291. And has to be manufactured?—It is manufactured very much in the same way as our salt is manufactured upon the Runn.

4292. And at about the same cost?—I think as nearly as possible at the same cost.

4293. Is the natural salt cheaper than the artificial?—The natural salt costs nothing more than the expense of collecting it, but it will not bear travelling.

Mr. CLAUDIUS WILLIAM BELL, called in; and Examined.

4294. *Chairman.*] WILL you be good enough to state what appointment you hold in India?—I am in the Revenue Department in the Bombay Presidency.

Mr. *C. W. Bell.*

4295. In the accounts that have been presented for the Presidency of Bombay for 1869–70 there appears, first, for the item for opium, 2,357,000*l.*, and then there is another item of "Excise on spirits and drugs," 446,000*l.*; are you acquainted with the circumstances under which the latter sum is levied?—My knowledge of the excise of spirits is chiefly confined to what are called the Regulation Provinces of the Bombay Presidency; that is, all the collectorates, with the exception of the Province of Scinde and the town and island of Bombay.

4296. What are the items which are included in the excise on spirits and drugs?—The items are, first of all, the duties on spirits manufactured and retailed, and also on the retail of opium, and on the manufacture and retail of drugs, such as ganjah and bhang.

4297. Will you state under what system this duty is levied in Bombay, first on the manufacture of spirits and the sale of them?—There are three systems. One is the Sudder distillery system; but that is not carried to a great extent, it only exists at three towns in the Presidency. Then comes the monopoly or farm system, which is the general system adopted. And the third is what I may call an individual tax system, which prevails in places where toddy-producing trees grow.

4298. Is the Sudder distillery system the same as that which we have had described of a place licensed as a distillery?—It is very much the same as I think Sir Cecil Beadon described the other day. The only difference, I may mention, is, that instead of any one being at liberty to distil in that distillery, a few have acquired virtually a sort of proprietary right in the manufacture of spirits in these distilleries.

4299. And they manufacture at the duty prescribed?—Yes; and they are also permitted to export.

4300. Are they at liberty to supply any place?—By law I think they cannot; but as no one is injured thereby, Government has permitted them.

4301. They have a permit for removing the spirits?—To certain places; chiefly to Bombay.

4302. Then, do they have any right in the retail

Mr. C. W. Bell.

12 May 1871.

tail of that spirit, or is it purely a wholesale manufacture?—It is purely a wholesale manufacture; but they are also the patrons of the licensed retailers, to whom they supply it.

4303. They have no right to retail in a particular place; that is quite separate, as I understand you?—That is separate.

4304. Then what is the next system?—The next system is rather more complicated; it varies in the several divisions in which toddy-producing trees grow. The trees, as a rule, grow along the coast in a belt, perhaps varying from one to five miles in depth. In some places the toddy-drawing class are permitted, on payment of a certain fee, to tap a certain number of trees. Sometimes a minimum is fixed of the number of trees they may tap, at other times no minimum is fixed; and after drawing the juice, they can either sell it as toddy, or they may erect a still in almost any place they choose, and after distilling the liquor they sell it themselves.

4305. By retail?—Yes.

4306. What is the third system, the system of farming?—The third system is simply a right of monopoly. The right of manufacturing and selling liquor in a district is put up to auction, and knocked down to the highest bidder.

4307. And is the farmer at liberty to erect as many retail shops as he likes?—No; he is limited in the number of shops.

4308. Are the places appointed for him?—The places are appointed.

4309. Is there much competition for the purchase of a farm?—It varies. I have seen competition at times, but I have also seen a great deal of combination.

4310. What do the Government do in the case of combination; do they take what they can get?—From the records of the Government, I think that they have made several attempts to break through a combination when there has been one; and I think, on the whole, they have also been successful. They have generally threatened not to license the sale of liquor at all in those districts.

4311. So that in those districts the Government have practically put on an upset price which they deemed sufficient, and then they have obtained it?—They generally have.

4312. Have you got any statement of the revenue derived from the three separate systems?—Yes; I have got a statement up to 1867-68, the last year for which I have the returns.

4313. Have there been many changes in the area subject to the different systems, or would any comparative statement of years represent the same area under the same system?—They represent very much the same area. I may say that there have been some changes in detail, resulting in small differences.

4314. Can you state what has been the progress of the revenue derived from spirits and toddy?—Under the Sudder distillery system the revenue was in 1867-68 two lacs.

4315. Have you got any earlier returns?—Yes.

4316. Will you give it 10 or 12 years before that?—It was about 86,000 rupees under the Sudder distillery system in 1857-58, and in 10 years afterwards about 200,000 rupees. Under the individual tax system, the tax on trees, in 1857-58, it was about 85,000 rupees, and in 1867-68 about 2 lacs and a quarter.

4317. *Sir J. Elphinstone.*] Are these cocoa-nut trees?—Cocoa-nut and date and palmyra. Under the farming system it was about 7½ lacs in 1857-58, and in 1867-68 about 18½ lacs.

4318. *Chairman.*] Had there been any change in the duties during those 10 years?—Yes, there has been a change in the Sudder distillery system; the rate has been raised from nine annas to one rupee the imperial gallon. Under the other systems of course there is no duty fixed per gallon.

4319. Is that the present rate?—I believe just lately they have raised it to one rupee and a quarter.

4320. What is the rate of the second system, tax on trees?—Several new systems have been tried experimentally. It has been found a very unsatisfactory system to allow a number of small distilleries and shops to be in one district, and there have been several attempts made to reduce the number of them, and to bring the excise and the manufacture of the spirits generally under control.

4321. And has there been any change in the rate of duty?—The rate is generally placed on the trees.

4322. But has that been the same through the 10 years, or has it altered?—There has been an increase, but not at any regular rate; the chief increase is caused by having made a more careful examination of the number of trees that are tapped.

4323. But was the rate per tree the same 10 years before?—The rate per tree in some districts has been reduced, and in others it has been increased.

4324. Has there been an increase in the sum given for the farm consequent upon the raising of the rate of duty, or how have you secured that increase of revenue from the farming system?—By competition.

4325. Do you suppose it has been influenced by your having increased the rate of duty on the distilled liquor in the other districts?—No, because the influence of the Sudder distilleries is very local.

4326. Do you think that either of these systems at all stimulates the people to drink intoxicating liquors?—I think the monopoly system does much more so, at any rate, than the Sudder distillery system.

4327. In what way is there a stimulus given, do you think, as the result of the system?—The monopolist has his contract, as I may call it, with Government for one year only; he has given a large price for it, and it is his object to make as much as he can during that year. And the two ways in which he finds it most advantageous to attain that object are by selling an inferior quality of liquor and by encouraging the consumption as much as possible.

4328. Does he take any active means to encourage the consumption, or how does he stimulate it?—I have found in some places where the number of shops which he is allowed to hold is limited, that he makes private arrangements with men in other places to sell liquor by retail.

4329. That is surreptitiously, as regards the collector's license?—Yes, surreptitiously, as regards the collector's license.

4330. Does he pay a sum to Government for each license?—He pays a lump sum for the farm.

4331. Therefore as regards the revenue, this fraud

fraud upon the Government would merely be a breach of the prohibition?—Yes, but he is obliged to run the risk of detection and fine, and therefore that necessarily decreases the sum paid in to Government as revenue.

4332. Do they take any active means to stimulate consumption, such as having music or gambling in the houses or verandahs where the spirit is sold, because it is in open verandahs, I presume?—In hovels generally. When the evening closes in, it is generally conducted inside the house.

4333. Either inside or outside, have you any reason to suppose that the consumption is stimulated by gambling or music?—I know cases in which they have musicians in to encourage them to a certain extent, but I do not think it is very much the custom. I think the liquor itself is sufficient attraction.

4334. Is gambling also made use of as a stimulus?—I do not think that the contractor has anything to do with the gambling that may go on in his shop.

4335. That is the affair of the person who keeps the retail shop, you think?—Under the monopoly system the man who keeps the retail shop is the servant, I may say, of the monopolist.

4336. Is he generally a relation of the wholesale dealer, or a mere servant?—The monopolist cannot keep a complete check over him, so, as a rule, he gives him a subordinate share.

4337. The man who actually manages the shop has also an interest in stimulating consumption?—No doubt, although he is returned to Government in the list given by the monopolist merely as his servant.

4338. Have you heard whether there is a greater amount of drunkenness prevalent in the Presidency of Bombay now, than there used to be at any former time?—Drunkenness has increased, but I do not think that the consumption of liquor has increased at all out of proportion to the improvement in the material condition of the people.

4339. Do you mean as to their means of purchasing?—Yes.

4340. But I am speaking now as to their moral condition consequent upon the greater consumption of liquor; has that much deteriorated, do you think?—Well, the classes who chiefly consume liquor, I think, have been pretty nearly always drunkards, that is the class on the coast, the fishermen and the toddy drawers themselves.

4341. They are habitually addicted to intemperance?—Yes, they are habitually addicted to intemperance; but as to the rest of the inhabitants of the Presidency, I may say that they are far from intemperate.

4342. Do you think that the intemperance of those people to whom you have referred has always been the case, or has it been induced in comparatively recent times?—I can see traces of it in the Peishwah's Records of the last century.

4343. That they were in that demoralised condition?—That they were drinkers.

4344. But you do not know whether there is the repute of an increase of intemperance during the last 20 or 30 years?—Undoubtedly there is the repute of it. I have heard it from the non-drinking castes, the Brahmins and others, and also from the missionaries.

4345. It is their opinion that the state of demoralisation of the people has somewhat increased?—Yes.

4346. Is the large increase of revenue due to the increased quantity drunk chiefly, or to the increased rate of duty?—Chiefly to the increased rate of duty. It is very difficult to estimate the duty in cases where the monopoly is farmed. I have attempted to do so, and on taking an estimate of the total increase within the last 10 years in consumption, I have set it down at about 50 per cent., whereas the increase in the revenue is more than 100 per cent.

4347. Then in the farming of liquor you think that there has not been an increase of the quantity of liquor consumed proportionate to the increase of revenue?—By no means.

4348. Then has the price risen?—The price has risen considerably.

4349. Do you think it is an unfortunate state of things for Bombay that the consumption of intoxicating liquor should have increased 50 per cent., and that the consumption of salt should have considerably decreased?—I may be allowed to qualify the statement that the consumption has increased. A great deal of what is put down to increased consumption is in reality liquor hitherto illicitly sold, which has been brought under the tax by increased energy on the part of monopolists and Government; but I do not think that the consumption of salt has anything to do with it.

4350. As showing the moral condition of the people; while the consumption of salt has diminished, the consumption of intoxicating liquor has increased?—I think that the moral condition of the people is wonderfully high in the matter of drinking, with the exception of those people who inhabit the coasts, fishermen, &c.

4351. You limit it to particular classes?—Yes, and chiefly to those districts where the toddy-producing trees grow.

4352. Sir *D. Wedderburn.*] Was there any revenue levied from excise during the time of the Peishwahs?—Yes; it was not at first, as far as I can make out from the records, a regular item of revenue; but in after years, that is, towards the end of the last century, I find that it became entered in the accounts as an item of revenue, and also that a great deal of it was paid, not to the imperial revenue, but to the credit of chiefs under the Peishwah.

4353. Was drunkenness punishable under the Peishwah's rule?—Yes, very severely; flogging was not an uncommon punishment.

4354. Do you think that this item of revenue could be increased without stimulating the consumption of intoxicating liquors?—Undoubtedly; but I think to do so a new system would have to be introduced, instead of the monopoly, and of what I have called the individual license system.

4355. Is there any regular excise establishment at Bombay?—I may say not. With the exception of the small island of Salsette, where a new system was introduced in 1864–65, and an excise establishment created, and the three Sudder distilleries, which I have already referred to, there are not 30 *l.* spent on any special establishment in the Regulation Provinces. The work has to be carried out by the revenue officers and the establishment they have under them for their ordinary work.

4356. Do not you think that the introduction of the Sudder distillery system might prove a hardship to the caste of toddy drawers?—Were you to introduce the Sudder distillery system in those districts where toddy-producing trees grow,

Mr. C. W. Bell. 12 May 1871.

and to leave to the toddy drawer the right to retail the juice, either sweet or fermented, I do not think that he would suffer any hardship of which he had any right to complain; but undoubtedly, by depriving him of the right to distil, you would lessen his profit.

4357. Have you estimated the incidence of duty in different parts of the Bombay Presidency, or is it equal?—It is very unequal. I find in some places where these toddy producing trees grow the incidence of the tax falls as low as 3 *d.* per gallon of proof spirits.

4358. And what is the higher limit?—I have known it to go up to three rupees, but that is a very rare case; as a rule, it goes up to about two rupees.

4359. And how do you account for this inequality?—Chiefly owing to the impossibility of Government regulating the rate as long as these two systems exist, the monopoly and the individual license system.

4360. Is there much illicit manufacture and trade throughout the Presidency?—There is a good deal; especially there is a good deal of liquor imported from the native states in the north; those that border Guzerat, the Guicowar's territory, for instance.

4361. I fancy the irregularity of the frontier especially in Guzerat, is the main cause of that illicit trade?—Yes; you may go through four villages, and find that one belongs to the Government, the next to the Guicowar, the next to the Government, and the fourth to another native chief.

4362. What are the special advantages which you think would be derived from a regular excise establishment, such as you speak of?—Well, you would get a complete control over the manufacture of liquor, which you have not now; you would be able by a simple order from the Government to raise the tax when you thought it was too low, or there was too great a consumption; and you could check the consumption, or increase the revenue by those means. You would also be able to exercise a greater control over the number of shops in a district.

4363. Sir *W. Lawson.*] Did I rightly understand, from one of your answers, that in prosperous times there was more drunkenness than when people were not so well off; because, I think you said, that the drunkenness had not increased more than was natural in proportion to the increased prosperity?—That the consumption had not increased more.

4364. You did not refer to drunkenness then?—No.

4365. I suppose the sole object of the Government in making any laws about the sale of drink is to get a good revenue?—That of course is one object, but the other object also is to prevent as much as possible an unnecessary consumption of liquor and the increase of drunkenness; at least I find it frequently stated in the Government records that they endeavour, not so much to look for an increase in the revenue, as for a diminution of the consumption of spirits and the prevention of drunkenness.

4366. Do you think that they have at all succeeded in preventing drunkenness by their regulations?—No, I do not think they have.

4367. Their law has failed in that respect, then?—I think it has failed almost everywhere. I do not think it is singular to that part of the world.

4368. Did you ever hear of an association which existed some time ago called the Madras Native Association?—I am in the Bombay Presidency, and cannot speak as to Madras.

4369. Is drunkenness punished in the Bombay Presidency?—A man who is drunk and disorderly can be punished.

4370. Do you find that there, as here, most of the crimes which come before the courts are connected more or less with drunkenness, or is that not so?—I do not think they are nearly so much connected with it in that country as they are in this.

4371. The drunkenness which exists does not lead to such an extent to crime, as it does in England?—By no means. I could not get any statistical information upon that point, but from my knowledge of the people, I can say with certainty that there is little connection between them. In fact, I find that the man whose trade and business it is to steal drinks, but it is not the drink that makes him a thief; he is a thief by caste.

4372. He probably would be a better thief if sober?—Perhaps so.

4373. Mr. *Beach.*] Has the revenue increased from the general consumption, or is it owing to a large amount being consumed in particular cases?—I think the increase has been pretty general in the revenue, but not purely so; it has been rather local in consumption.

4374. Is that owing to an increasing taste for it prevailing amongst sailors?—To a certain extent to an increasing ability to pay for it.

4375. There would be more control, I think you have stated, over the houses where it is sold, were the system of monopoly not to exist, and were individual licenses to be granted?—No; were neither the monopoly nor the individual licensing system to exist, and were the system of Sudder distillery substituted, I think that there would be greater control, and the manufacture then would be entirely under the eye of the Government, which it is not now.

4376. Does adulteration prevail much, to your knowledge?—I should think adulteration does not prevail to any great extent, but the means for manufacturing liquor, especially under the individual license system, are so rude, that the liquor is very inferior, although there is no particularly noxious matter in it. It is also a good deal diluted with water.

4377. Mr. *Dickinson.*] Is the revenue derived from the lease of toddy trees carried to the land revenue, or to the abkari?—There are two rates, I find, in most of the districts where the toddy trees grow. The one, the smaller, is carried to the land revenue, that is called a duty on the trunk of the tree. Then another duty levied also on the tree goes by the name of a tax on the toddy drawers knife, and that tax is credited to the abkari.

4378. What is the effect of tapping a toddy tree on its produce; does it interfere with the productive power of the tree in other respects?—Undoubtedly; but I may mention that that would only affect the cocoa-nut tree; the date trees in India do not produce an eatable fruit, nor is the nut of the palmyra tree used for food.

4379. Are these trees of value for other purposes besides toddy drawing?—Their leaves are used to a considerable extent for matting; the fruit of the cocoa-nut trees of course is marketable.

4380. Does

4380. Does the drawing of the toddy affect the value of the tree for other purposes?—It affects the cocoa-nut tree very materially, because you cannot tap a cocoa-nut tree and also gather fruit from it, but it does not interfere with a certain number of leaves being taken off from the other trees.

4381. How many years is it before a tree will bear tapping?—It varies. The palmyra tree, I find, yields juice from its twentieth year to its seventieth, and the date tree from about its fifth year, sometimes earlier, but generally from its fifth year, up to its fifteenth.

4382. And the cocoa-nut?—The cocoa-nut is very much the same as the palmyra, but I should mention that the cocoa-nut is not tapped to any very great extent; it is only in certain localities that it is used to any great extent.

4383. Would the ground covered by these trees be ground valuable for ordinary purposes of cultivation?—Undoubtedly, if the trees are removed, not if the trees are allowed to grow there.

4384. Is it a profitable occupation of the ground that they are occupied by these toddy trees?—Certainly.

4385. What is the produce of the palmyra tree, is it tapped every year?—The palmyra tree can be tapped for two months in the year certainly, and would give an average of five seers daily for two months, that would be 300 seers in the year.

4386. What is the revenue derived from that?—It varies in different places, sometimes 6 annas, and sometimes it goes as high as 2 rupees, or 2½ rupees the tree.

4387. That would not be for a tree producing the same amount of toddy?—No; the tree that I have estimated the produce of would be assessed at about 2 rupees.

4388. And what do you say the retail price of that would be?—It varies a good deal. I should think the man would sell it at about 7 rupees.

4389. Do you know at all the ground which the palmyra covers; how many would go to an acre?—I cannot remember at the present moment. I should think 60 would grow on an acre.

4390. I suppose that the proportion you have given us would give a good idea of the out-turn both to the Government and to the individual, of the toddy-growing tree?—Yes, he has his labour to come out of that.

4391. Sir *J. Elphinstone.*] You said that there was not much adulteration of spirits in your Presidency?—Not as I understand adulteration, that is to say, by adding noxious matter.

4392. What are the substances that they usually adulterate with; bhang, or opium, or tobacco?—Not to a great extent. They sometimes put in the bark of an acacia tree as a bitter.

4393. The seafaring classes on the Bombay coast have always been addicted to liquor, have they not?—Always.

4394. In fact the sailors there are very much like our own in that respect?—They are the finest men that we have.

4395. But they imitate European sailors very much in those habits, do they not?—They are like them, but I fancy that they had a knowledge of drinking as early as the British sailors.

4396. Have the modes of distillation that have come under your observation been improved at all of late years?—Except to a small extent in Sudder distilleries there has not been the slightest improvement.

4397. The Government do not interfere to prescribe any particular mode of distillation or refining of spirits, do they?—No.

4398. Has it ever come to your knowledge that in those distilleries the rectifying process is very imperfectly carried out, expelling the noxious parts of the spirits, the portions of the spirits that act so deleteriously upon the human constitution?—I have seen no attempt to do anything of the kind. (I am talking of country spirits entirely.) The only instrument used is a retort of a better or worse description, according to the means of the manufacturer.

4399. Just the rude mode of distillation which exists in smuggling distilleries in this country and Scotland and Ireland?—Yes, the farmer is able to use metal retorts, and so is the manufacturer in the Sudder distillery; but even in the Sudder distillery the whole apparatus is very rude.

4400. The Government do not prescribe any more advanced mode?—No.

4401. Is there any arrack now distilled for the use of the troops and for the use of the Government?—There is a distillery at a place called Bhandoop, which is situated about 20 miles from Bombay.

4402. Is that near Tannah?—Yes.

4403. Is the process of distillation in that distillery of a higher character?—Very much higher.

4404. Is the produce from the juice larger than it is in the native distilleries?—All superior apparatus are economical in their working; but this arrack is not distilled from the juice of toddy trees, but chiefly from imported dates.

4405. Supposing the Government were to prescribe a superior mode of distilling as they have done in this country, what effect do you suppose that would have upon the revenue?—As matters now stand you could not prescribe a particular method which would involve great expense, because the interest of the manufacturer is only from year to year, and he could not afford to go to any great expense; but had he a certainty that he would have a license for a considerable term of years I think that there are many men who would be found who would go to the expense of a superior apparatus, and the result would be that you would get a better liquor manufactured more economically, and the Government would be able then to place a considerably higher duty upon it.

4406. If the manufacturers, as I may say, were more centralised, it might probably pay the Government to put an officer into each distillery in the same way as it does in this country?—Undoubtedly.

4407. And that would greatly add, not only to the produce and the quality of the spirit, but also to the certainty of the revenue?—Undoubtedly.

4408. If the manufacture of spirits was not carried on, they could carry on the manufacture of jhagery, or coarse sugar from these trees, could they not?—An attempt was made formerly to extract jhagery, but it was not successful. Whether the juice had not sufficient saccarine matter in it, or whether the manufacturers of coarse sugar could not enter into competition with the liquor distiller, I cannot exactly say. It was a long time before I went to India.

4409. The extent of land in the Bombay Presidency, where those trees which you have

Mr. C. W. Bell.

12 May 1871.

specified grow productively, is comparatively small, is it not?—It is of great length.

4410. But comparatively small in proportion to the requirements of the Presidency?—Yes.

4411. You are perhaps aware that in the south of India the production of jhagery has led to important refining establishments being created and worked profitably?—Yes.

4412. But that is not the case at Bombay?—No, the produce of the trees, I may say, that grow in the gardens, I believe, could be made into coarse sugar, but those that grow naturally on the coast without irrigation could not be remuneratively used for that purpose.

4413. A great part of the country that they grow upon is, if I recollect rightly, stony and dry, and sandy?—Yes, very dry.

4414. They require not only the vicinity of the sea, but the presence of fresh water to produce very largely?—Yes.

4415. You have stated, I think, that there was in closely planted districts about 60 trees to the acre?—I think there might be; I have not got any data.

4416. They grow more thickly in the soil that they find just adapted to them?—Yes.

4417. Now, the ground under the trees is valuable for pasture as well as for other things, is it not?—Yes.

4418. And is that taken into account upon the valuation of those lands?—The assessment on the land is quite distinct from the assessment on the trees.

4419. In connection with an improved mode of distillation, and bringing it more directly under the influence of the Government, how would you be disposed to view a uniform duty per gallon upon proof spirits?—I think that ought to be the end aimed at.

4420. Then, I generally understand you to say, that you would approve of having larger and more central distilleries more under the control of the Government, and a uniform duty upon the produce?—Yes.

4421. Mr. *Lyttelton.*] Have these common native spirits any medicinal value?—The natives consider that they are very comforting in time of illness, I believe; for I find in the license a special clause, that after the hour at which the shops must be shut, liquor may be sold by the retail seller in cases of sickness under a pass from the head man of the village; whether it is attended with any actual benefit or not, medicinally I am not prepared to say.

4422. Are you aware that a moderate use, even of the commoner description of the native spirits is not deleterious?—I do not think it is, judging from the physique of the men; the coast district men, who are exposed to a very heavy rain-fall, drink a considerable amount of spirits, I think that it has had no deleterious effect upon their constitutions whatever.

4423. Do Europeans acquire a taste for the native spirits?—Only when they have fallen very low.

4424. They are excessively unpalatable, I believe; the taste must be an acquired one?—The liquor is not unpleasant; it has got no particular flavour; it is wanting in taste.

4425. You are quite prepared to say that native spirits, to as great an extent at least as spirits in England, are a necessary of life?—I think so, on the coast district especially, because the people there are subject to a heavy rain-fall and its concomitant fever.

4426. Mr. *Eastwick.*] Could you give us an exact and accurate estimate of the revenue derived from an acre of land, and of its returns to the owner; because I think, according to your statement, the revenue would derive 120 rupees from an acre of land of 60 trees, and there would be 420 rupees for the seller of the liquor?—Yes.

4427. Is not that a considerable sum, as compared with the produce of an acre in other crops?—The whole of these trees could not very well be tapped in the same year.

4428. Could you give an exact estimate of that?—It is almost impossible to give it by the acre.

4429. You could give it by the single tree only?—Yes.

4430. That you could state how many trees out of 20, or out of 60, would yield produce during a year?—Yes.

4431. It would be rather an exaggerated estimate, would it not, that an acre of toddy trees returned 120 rupees revenue, and 420 rupees to the distiller?—Well, there is a great deal that has to come out of that 420 rupees.

4432. But independent of that, would not that be an exaggerated estimate?—I should think it is; I am not quite sure of the number of palmyra trees that will grow on an acre, but I think the following figures show pretty accurately the average value of the produce of these trees to the toddy drawer. One man can tap 20 palmyra trees in the season. These in garden land will yield 200 maunds of juice; 200 maunds of juice will produce 66 maunds of spirits, which at $3\frac{1}{8}$ rupees the maund, gives 206 rupees; deducting the tree-tax at two rupees the tree, there remains 166 rupees for expenses, profit, and payment of labour. The same number of uncultivated trees will yield 200 maunds of juice, equal to 33 maunds of spirits, retailed at 103 rupees; deducting tree tax at four annas the tree, there remains 98 rupees for expenses, &c.

4433. What is the time of year that they tap these trees?—There are two seasons; one in our autumn, about November, and the other about May.

4434. And do they last for about two months each time?—I should mention that that is with regard to date trees, they last for a limited period. The date tree yields during the two seasons, two months in one season, and one month in the other; but it is not continuously tapped, it is only tapped for 10 days at a time, and then allowed to rest for 10 days. It yields continuously for about two months.

4435-45. And how does the toddy drawer during the other periods of the year get his livelihood?—Many of them have pieces of land which they cultivate; others work in different ways, sometimes as cart men, sometimes as cutters of wood.

4446. They would not be thrown entirely out of livelihood for the rest of the year?—As a rule they do very little else than toddy-drawing.

4447. Have you made any estimate of the expense of establishing an excise establishment in abkari; and do you think that, deducting the cost of such an establishment from the revenue, it would be a gain?—A decided gain, even then. I do not think that at any time an excise establishment would exceed 5 per cent. I speak, of course, without perfect knowledge of the matters; but

but I should say roughly that 5 per cent. would be the extreme charge on the abkari revenue from the excise establishment. The revenue in time would, by raising the duty by degrees, nearly double itself.

4448. I think you said that the fishermen and sailors were the people who chiefly took the spirits; but the Mahrattas do also, do they not?—They are Mahrattas.

4449. But also the Mahrattas in the hill country use spirits?—Yes, the hill tribes; but the Mahratta cultivators in the Deccan are very abstemious.

4450. *Chairman.*] With regard to the opium; what is the amount of revenue derived from the licenses for the retailing of opium in Bombay?—In the Regulation Provinces in 1867-68 it was about a lac and a-quarter.

4451. Is that for the annual license?—Yes.

4452. And is there any tax upon the opium itself corresponding with the duty that is levied on the foreign opium?—The license is put up to auction, and the successful bidder is bound to supply himself with opium from the Government stores. This opium is supplied to him at a price which includes the duty.

4453. What are the other items, bhang and ganjah?—They are opium preparations of hemp. There are also other drugs prepared from hemp and opium.

4454. And are the licenses for the sale of those granted in the same manner?—Yes, to retail dealers.

4455. Is there any license put upon the decoction or drink; or is merely the duty collected from licensing the shops?—It is merely a duty collected from shops.

4456. Does the collector regulate the price at which the license is to be granted?—Yes; but I should mention that the manufacture of bhang and ganjah also comes under abkari.

4457. Do you mean that people are not allowed to manufacture it except under license?—I find that the law is almost silent on the subject, and that the practice is very irregular; but only in two districts is there any attempt whatever to check the growth of hemp or the wholesale of bhang and ganjah.

4458. What was the amount derived from bhang and ganjah?—In 1867-68 it was under half a lac in the Regulation Provinces.

4459. Sir *D. Wedderburn.*] Is it long since the cultivation of the poppy was suppressed in Bombay?—It was suppressed in 1838.

4460. And had that a great effect upon the retail sale?—It seems to have had an effect, because, when I looked into the question, I found that for the three years previous to the suppression of the cultivation of opium there was an average of 381 maunds of opium given out to the retailers in the Ahmedabad collectorate alone, whereas, for the three years that succeeded it, only 126 maunds of opium were given out to retailers.

4461. Is there not reason to believe that, in Guzerat especially, there is a large consumption of opium in excess of that furnished by Government to retail dealers?—Very large. In that same collectorate of Ahmedabad in 1867-68 the amount given out to retailers was only five maunds.

4462. And in Guzerat a great deal is known to be consumed in excess of that furnished by the Government?—Yes.

4463. Could you form any estimate of the loss to the revenue by that illicit consumption?—Putting it at a very low figure indeed, the amount of opium illicitly retailed in the Regulation Provinces, if subjected to duty, would bring in three lacs of rupees.

4464. That is double what is now realised by opium?—Yes.

4465. Do you think that there is any capability of expansion in the revenue to be derived from the other drugs, ganjah and bhang?—I think that they are expansive items, if there were some arrangement made for regulating the growth of hemp, and the sale in bulk of these articles, as is done in Bengal at the present day.

4466. Sir *W. Lawson.*] All the Malwa opium passes through Bombay, does it not?—Yes; almost all.

4467. Do you know anything about the condition of the people who grow it in Malwa?—No; I am confining my evidence to the retail sale of opium.

4468. Mr. *Beach.*] Is the revenue on opium in Bombay derived from a transit duty chiefly?—Yes.

4469. Does the system of advances to the cultivators prevail there?—In a very small portion of one district of the Bombay Presidency there is a little cultivation, but as a rule the growth of the poppy has been totally suppressed.

4470. To what do you attribute the falling off of the revenue at Bombay from this item, because the revenue in Bombay has rather fallen off, and it has rather increased in the Bengal Presidency?—My knowledge is almost entirely confined to the retail sale of opium when it comes into the Presidency. I have not yet got a sufficient knowledge of the wholesale opium trade to offer an opinion on it.

4471. Mr. *Dickinson.*] Practically, the whole of the revenue from opium on the Bombay side is derived from opium grown out of our territory?—Yes.

4472. In Malwa, in fact?—Yes.

4473. Do you know anything of the arrangements in Malwa respecting the growth of opium?—No; I mentioned that my knowledge was chiefly confined to the retail of opium for consumption by the inhabitants in the Presidency.

4474. And you cannot tell the operation of our export tax where there is a tax levied on the opium?—On the frontier. We have got agencies also, I believe, in certain districts, which provide passes on payment.

4475. And is the money received there or in Bombay?—I am not able to state that.

Sir DONALD FRIELL M'LEOD, K.C.S.I., C.B., called in; and Examined.

4476. *Chairman.*] WILL you kindly state what superior offices you have held in India?—In the Punjaub I have held, first, the office of Financial Commissioner from 1854 till 1865, and from 1865 till 1870 that of Lieutenant Governor.

4477. In the accounts for the Punjaub, there appears to have been a gross revenue of 923,000*l.* derived from salt in 1869-70?—Yes.

4478. Will you be good enough to explain to the Committee under what circumstances that revenue

Sir *D.F.M'Leod*, K.C.S.I., C.B.

12 May 1871.

revenue was collected?—The largest portion, I think, was collected on the preventive line, that extends from the Sutlej on the north to the confines of the North Western Provinces. The latest date for which I have taken any memorandum with regard to the amount is 1868-69. In that year about 422,000 *l.* was levied on that line. The next most important method of levy is from the salt mines. On them there was an income of 378,000 *l.*, only a little less than the other.

4479. Are those the whole sources?—They are the principal ones, and almost the entire ones. Across the Indus there is another class of mines, which pay a very much smaller rate of duty, called the Kohat mines. They realised in that year only 8,000 *l.*

4480. Will you be good enough to explain in what manner the salt mines are worked to produce the revenue which they do?—A duty of 3 rupees the maund is levied upon the salt, and from this year I believe that 3 rupees 1 anna will be levied. Heretofore, the cost of excavation, which is very slight, has been borne by the Government, and I see from the last report of the Commissioner of Customs and Salt, Mr. Hume, that it has been determined now that the cost of excavation shall be borne by the purchaser; the Government is to levy its entire duty irrespective of the cost of excavation.

4481. Does the Government own the mines and employ people to excavate?—Yes.

4482. So that there is no private enterprise in the production of the salt?—None at all.

4483. Can you state what the cost has been per maund or per 100 maunds, of obtaining the salt apart from the estimated duty?—Mr. Hume states, as far as I understand him, that it is about 2 *s* 2 *d.* a ton as the cost of excavation. I believe that is what he means. I am not quite certain about it; but at all events it is something very trifling; so trifling that no difficulty whatever was anticipated in transferring the burden of it to the purchaser.

4484. Is the salt sold as it is excavated without preparation?—Yes, the greater part of it is exceedingly pure.

4485. Is the supply unlimited, so that it will last for generations?—It is practically unlimited; it will last for generations to come.

4486. Is there any facility for distributing the salt from the mines, or is the transport from them costly?—The transport has been heretofore somewhat difficult. The introduction of railways of course will put an end to those difficulties. As yet the bulk of it is carried upon camels' backs from the mines chiefly to Amritsir, by far the largest part to the city of Amritsir, which is near Lahore, and from thence it is distributed to other parts; but it is a journey of 150 miles, I suppose, from the mines to Amritsir, and has to be carried either on camels or in carts, and on an insufficient road. The direct road from Amritsir to the mines is only capable of being used in fair weather. A portion of the salt is conveyed down the Ihelum River, on which the mines are situated, to Mooltan.

4487. Do the merchants purchase entirely at the mines, or does the Government take any means to distribute the salt?—No, it is entirely purchased at the mines.

4488. Where does the salt come from across the frontier, which produces the rest of the revenue?—Those mines are situated in the hills of the trans-Indus territory. In fact, it is a continuation of the salt range. But the salt produced in them is of a different character; it is called black salt; it has a greyish colour, but is, I believe, practically, almost as pure as the other. The levy on it, however, is insignificant (from 6 *d.* to 1 *s.* per maund), and a considerable amount of it goes to the chiefs in whose territory the mines are situated.

4489. Then that duty is, I suppose, upon it when it passes the frontier?—It is not allowed to come over; it is contraband on the Lahore side of the Indus.

4490. You are speaking now of the small salt mines?—Yes.

4491. Why are you not able to levy the same duty on that salt as on the other?—From political considerations entirely. It has been frequently advocated by some of our officers, that it should be raised; but this proposal has always been strongly opposed by Lord Lawrence, when he was Lieutenant Governor and Chief Commissioner, and by most of our authorities, as a very dangerous measure, and not worth the liability of disturbance.

4492. But why does it not come more largely into consumption, seeing that the cost of it would be so much less than the other?—Because it is not allowed to come across the Indus. If it is found within the Indus, it is at once confiscated, and the person punished. The salt is sent in the other direction from these mines, and the charge is paid on that.

4493. Where does the salt come from which passes the frontier upon which you levy the rest of the salt duty?—That is all south of the Sutlej. North of the Sutlej, the country is entirely supplied from the salt mines. South of the Sutlej, it is produced in various parts of Rajpootana; the largest quantity upon the Sambhur Lake and other portions in various places. But the whole of the salt that crosses that line is produced in foreign territory.

4494. What rate of duty is levied upon the salt crossing the frontier?—Three rupees a maund, the same as at the mines. This year there is to be a slight increase of an anna, I think.

4495. Do you know what the price of that salt is at the frontier, apart from the duty; what is the cost or value of it at the frontier, because it has been conveyed a considerable distance by the time it reaches the frontier?—Yes; the only means you have of judging of that was from its selling price after it passed the frontier.

4496. What would that be including the duty, or without it?—Mr. Hume states that, practically, our duty only amounts to about half the cost of the salt. He gives a table showing the cost of the salt in different localities in retail.

4497. Nearest the frontier what is the price of the salt?—Nearest the frontier it amounts to about a halfpenny a pound, and rises in the most remote parts to about 3 *d.* a pound.

4498. Does the consumption of this salt extend until it meets the salt from the mines?—Yes.

4499. Where the prices of the two would be the same?—Yes; there has been a very strong inclination of late years to extend the rock salt, it is so much purer than the other. There has been a great inclination, as means of conveyance have improved, to extend it into the country southward.

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4500. But do the Government take any steps to push the consumption of one salt rather than the other, or is it regulated entirely by commercial considerations?—Entirely by commercial considerations Lord Mayo has, however, taken a great interest in improving the production from the Sambhur Lake and others, and is forming railways expressly for the purpose of conveying salt, and that will no doubt tend to interfere *pro tanto* with extension southward of the sale of rock salt.

4501. Have you made any inquiries to ascertain what is the consumption of salt per head of the population in the Punjab?—Yes; the population of the Punjab north of the Sutlej at the present time is about thirteen millions and a half, and the product of the salt mines is very nearly 120,000,000 of pounds; so that, assuming that the whole of the population north of the Sutlej are supplied from the salt mines, that gives an average of 9 lbs. per head. But that is a very rough calculation, because a considerable part of our province, the Kangra district, is supplied almost entirely from some mines in the native state of Mundi, which pays us no duty at all; and on the other hand, a large part of Cashmere, and some other foreign territories, are supplied from our mines. But I think the probability is that 8 lbs. or 9 lbs. a head very nearly represents the consumption, including whatever cattle may take.

4502. Is the salt sent into Cashmere charged with the duty?—Yes, that which they take from our mines. It is asserted by our Custom officers, (but I never could verify it myself) that they are convinced that a great deal of the black salt is smuggled across the Huzara district into Cashmere; but I very much doubt its being the case to any considerable extent, and I know that a large part of Cashmere is supplied from our own salt mines. I have seen many of the Cashmere population carrying it away on their heads.

4503. Have any attempts been made to ascertain by inquiry what is the actual consumption by people for any castes or classes?—I do not think that it has been attempted in detail, as regards individuals further than general calculations resulting from comparing the population with the production of salt. But Mr. Hume evidently, from a table that he gives in his last report, has made some particular inquiries, for he states that excluding the quantity consumed by cattle, each adult person in the whole of the territory that he is concerned with, that is chiefly the Punjaub, with the North West Provinces and the Central Provinces and Oude, consumes on an average about 8½ lbs. (8·64 is what he gives); and each child one-half of that, which would give an average of probably from 6 to 7 lbs., exclusive of cattle.

4504. Do you think that that is the result of an investigation of the purchases by families?—No, I think not. I am inclined to think that he has dealt with it on a large scale; but he does not enter into detail. A few years ago, the late Mr. Roberts, who was then financial commissioner, made, I think, considerable inquiries from a strong impression on his mind, that the duty prevented people obtaining a sufficient supply; and he reported his opinion to Government to that effect; but I do not think that he drew up any detailed information of a reliable character to show what they actually consumed. At the annexation of the Punjaub, or very shortly after it, the Board of Administration expressed the belief that the utmost that a common working man could require would be about 1 lb. a month, and the actual supply that they have received is certainly something less than that, probably not much above half of it.

4505. Do you know what sum is actually paid for salt; what price the ordinary workman pays in the central part of the Punjaub?—Mr. Hume estimates it as a poll tax of about 6½ *d.* per head in the year; and he considers that it falls upon the population at that rate however applied, whether for the feeding of cattle or themselves. That is merely arrived at by dividing the population into the actual production; and relatively to the cost of the salt as it reaches the natives, he estimates that they pay upon the average 6½ *d.* in the year for it.

4506. Can you tell us what the earnings now are in the Punjaub of the lowest condition of the people (the unskilled labourers)?—It is rising very rapidly; but I should say it is about 3 *d.* a day for an ordinary labouring man in the country. In the towns I have known it as high as 1 *s.* a day of late years.

4507. Sir *D. Wedderburn.*] Do the Rajpoot princes levy any duty upon salt for their own purposes?—They levy transit duties.

4508. On the transit over the frontier?—Yes. There are a number of small chiefs through whose territory it has to pass, and I believe all or most of them levy a transit duty if they can.

4509. But there is no excise duty levied by them?—I will not be certain of that. The Government has entered into full inquiries with reference to the Sambhur Lake, which is by far the principal source of supply, and I believe that some limited amount of duty was levied by the chief; but we have entered into negotiations with him, and he has agreed to make over the management of the Sambhur Lake to us on certain considerations. But I think it is quite clear that if they were to levy a duty, such as we have done upon our salt mines, upon the salt that is produced in their territory, our Customs duties levied upon our line could have no existence.

4510. Mr. *Beach.*] What is the Customs duty levied on our frontier on native salt?—Three rupees a maund, that is, 6 *s.* for 80 lbs.

4511. Exactly the same as the Excise duty?—Yes.

4512. Is there any difficulty in preventing salt being illicitly introduced?—Practically, I think, none at all. As regards the rock salt, there is a singularly small amount of smuggling; it may be said hardly to exist. The existence of these mines, and their being the only source of supply north of the Sutlej, gives the Government great command over the matter, and it is very remarkable, because that salt is so abundant that you everywhere see it cropping out; it is quite visible to the public. In some of our towns, especially at Kalabagh and Mari, which are on the Indus, where a large quantity of salt is produced, the houses are actually built upon the salt formation, and yet there seems to be no smuggling.

4513. Does the tax seem to press heavily upon the population?—I do not think so; I have never found that, and I think that all the data we have are opposed to the idea, but many people do assert it. When we first took possession of our salt mines, we levied two rupees a maund in 1849–50; I believe that is more than ever had been

Sir *D.F.M'Leod*, K.C.S.I., C.B.

12 May 1871.

been levied by the former Government, although we endeavoured to approximate as much as we could to their duty. Their management was very irregular and the precise amount of impost difficult to ascertain. But in the first year our income rose from 80,000 *l.* to 153,000 *l.*, which certainly seemed to show that at that time the levy of two rupees did not act at all as a preventive. Then in 1860 we increased the levy by a sixteenth. We levied *Rs.* 2. 2., and the sale still increased; so far from decreasing, it actually increased. It was 216,000 *l.* that we realised in 1859-60, and 273,000 *l.* and odd in 1860-61, the year that we increased the duty. Then the following year we increased it to 3 rupees a maund, and in that year 254,000 *l.* was realised. However, it will show more the actual state of the case if I state the quantity of salt. It had been in previous years 9 lacs and 10 lacs of maunds, or a little over. In 1860-61, the year that we made the first increase, very nearly 13 lacs of maunds were sold. In the next year it fell to 10 lacs, which would seem to show that there was a fall for that one year. But the amount sold in 1861 and 1862, after the full duty of 3 rupees had been fixed, was greater than in any year previous to 1858-59. So that it has appeared to me on that ground that there is no reason to suppose that the duty acts as a deterrent to purchase; and the small quantity of smuggling, I think, is another argument that indicates the same thing. I have never myself heard any native complaint of it, and I have frequently heard natives of intelligence express their admiration at our skill in obtaining so large a revenue as we do from such an insignificant article as salt. They never seemed, as far as I could ascertain, to entertain the belief that we were oppressive in the matter.

4514. Would it be considered oppressive if it were increased at all?—I think it has reached the limit of what it would be advisable to realise, though I think it is very possible that more might be taken without creating any considerable amount of discontent; but, taking all the circumstances of India together, I doubt whether it would be advisable to raise it more than it is now. I think it is quite practicable to raise it to some extent if it were desired on financial grounds, but in that case it should be done elsewhere as well. In Bengal it is something higher than we have it in the Punjaub, and there the consumption is still greater, a larger consumption per head considerably.

4515. Is there any practical inconvenience from there being a different rate of duty in different parts of India?—We have never experienced it in the Punjaub, for in point of fact we have no difference except that which I mentioned of the trans-Indus salt, and that obliges us to keep up a customs line to prevent its being introduced; but beyond that the rates are uniform and the Punjaub is not affected by rates in other parts directly. I daresay it is indirectly; large quantities are exported from Bengal, but I do not think that it ever comes so far as the Punjaub frontier.

4516. How near does the East India Railway come to the salt mines?—Delhi from the mines must be 450 miles, I suppose.

4517. Then no salt is conveyed by that railway from the mines?—By the Punjaub and Delhi Railway down to Delhi, and even into Oude, I believe, a good deal has found its way.

4518. Does the railroad convey it, or is it conveyed by river?—We have almost no river conveyance in the Punjaub; the rivers are very impracticable, and certainly no mode of conveyance at all competes with the railway.

4519. How is it conveyed to Delhi?—We convey it, as I mentioned, from the mines to Amritsir or to Lahore upon camels and in carts. From Amritsir it is conveyed by railway down the country. Into other parts of the country where it has to be conveyed they have to convey it upon bullocks or otherwise. At present we have one railway from Lahore to Calcutta and another to Mooltan.

4520. Mr. *Dickinson.*] The Bengal duty is higher than yours?—Yes, a little.

4521. Can you state at all the point between the Punjaub and Calcutta where the two commodities meet one another?—No, I cannot; I doubt whether even Mr. Hume, the Commissioner, could tell you that distinctly.

4522. I suppose in the higher part of the valley of the Sutlej you can provide salt cheaper than they can at Calcutta?—I should think that, as far as Allahabad, the Calcutta salt would come; but I have never heard of its being brought higher. Then the salt that meets it there is not the salt generally of our Punjaub mines, but salt that is brought across the frontier from Sambhur and other parts with the duty levied upon it, down as far as Delhi, and beyond it; and also the line goes away down there, and it is that salt that comes in contact with the other.

4523. The North Western Provinces are supplied with salt partly from the Punjaub?—Very little from the Punjaub; partly, perhaps, from Calcutta.

4524. Chiefly from where?—Chiefly from these Rajpootana productive mines, and the mines that are brine pits, in fact, near Delhi. There is also now, I believe, in Oude itself, and certainly in some of the native states, earth salt produced very largely.

4525. That is all, I suppose, subject to excise duty?—All that is produced by ourselves; we levy an excise upon it at the brine pits; but with regard to what is made in Bhurtpore and elsewhere, and in Gwalior, I do not think that we have any effective means of levying a duty upon that, but I do not know exactly the arrangements made. It did not concern the Punjaub, and did not come under my cognisance. But I know that it was a matter of great solicitude to the Commissioner of Customs how to prevent the earth-made salt competing with the dutiable salt.

4526. You speak of the Punjaub salt?—Yes; the Punjaub Government receives a larger revenue from Rajpootana salt, which passes across the line from the Sutlej to Delhi and beyond, than it levies from our mines; they are very nearly equal.

4527. Then it crosses the Punjaub frontier on its way to the valley of the Indus?—It comes from the westward, from the direction of the Indus.

4528. But it does not supply the Punjaub?—It supplies three divisions of the Punjaub certainly, viz., the Cis-Sutlej, Hissar, and Delhi. The great bulk of that tract is supplied with salt brought across from Rajpootana.

4529. It can supply that part of the Punjaub cheaper than you can buy salt from your salt mines?—Yes; but of late years there has been a great

a great inclination towards the extension of the limits to which the Punjaub salt has reached. Mr. Hume mentioned that the levy of duty upon the line has been very perceptibly influenced and diminished by a further extension of the rock salt.

4530. Mr. *J. B. Smith.*] I think you stated that notwithstanding the increase of the duty on salt, the revenue increased, and the quantity consumed also increased?—Yes.

4531. How do you account for that?—We have had two censuses made of the Punjaub in the last 15 years. One was made in 1856 under my own superintendence, and the second was made in 1868, 12 years after, and so far as these censuses can be relied upon (and to the best of my belief they are fairly reliable) there has been an increase of nearly 3,000,000 of the population in those 12 years. At the first census it amounted to 14,766,825, and in 1868 it numbered 17,593,946, giving an increase of 2,827,125, besides which, I have no doubt that cattle have also increased, and the means of people to spend lavishly have increased, so that I am not at all surprised at the increased consumption.

4532. Has the increase in the consumption gone on *pari passu* with the increase of population?—I think it may be about the same; yes, it has increased fully as much. It has increased from 768,000 maunds in the first year to 1,497,000 maunds; it has nearly doubled, but the increase has been gradual, and the last year of which I have a return, 1869–70, there was an increase of upwards of 200,000 of maunds in the year, so that these fluctuations render it impossible to speak with great certainty on the point.

4533. The increase in the consumption has been about doubled, whilst the increase in the population has been about 20 per cent.?—Yes.

4534. You stated that in some places salt was sold as high as 2 *d.* or 3 *d.* a pound, on account of the expense of carriage?—Chiefly so, and also I presume on account of the levy of duties in the native states through which it passes.

4535. Now, have there been any railways or roads within that time that you speak of which have diminished the cost of the carriage of salt?—Yes; from Lahore to Delhi.

4536. Do you know whether much salt has been carried on that railway?—I believe very largely. I am not in possession of the returns, and I cannot say how much, but there is no doubt that salt does travel by it. And then, from a new railway which has been lately projected, the State railway, as it is called, to the north, going from Lahore to Peshawar, it is intended to make a branch railway to the mines especially for the conveyance of salt; and it is looked to as one of the chief sources of income of that line.

4537. Then there is no doubt that the diminished cost of carriage of salt has added to consumption?—It is only of late years that the railways have been available, and the increase of consumption has been progressively regular, so that I should not be prepared to say that the reduced cost of carriage has materially increased the consumption, especially as our duty has been increased, and the cost of salt at Lahore now must be half as much again as it was at first. I think that it at first was from 16 to 18 seers the rupee at Amritsir; it is now about 10 or 12.

4538. Why should the price be increased?—Our duty has been increased to 50 per cent., and that of course is a very material element in the price of salt.

4539. But you have stated that, notwithstanding the increase in the duty, there has been an increase in the consumption of salt?—Yes.

4540. You say that the price of sale has risen there on account of the duty?—Yes.

4541. But it has risen everywhere else in the Punjaub on account of the duty?—Yes.

4542. Notwithstanding that, the consumption of salt has increased?—Yes.

4543. Then, I want to know whether that increase has not arisen from the diminished cost of obtaining the salt by means of railways?—No, I think not.

4544. Although you state that there is a very considerable traffic on the railway, you think that has had no effect in increasing the consumption of salt. Very little appreciable effect as yet. It seems to me, judging from the return, that the cost of salt is so very small that there is no appreciable effect upon the consumption as yet; in the Punjaub, when it has been low, the consumption has been the same, and when it has been increased the consumption has gone on the same.

4545. And whether the salt cost 1 *d.* a pound, or 3 *d.*, you do not think makes much difference?—No; Mr. Hume states that the average levy upon each individual is 6½ *d.*, and whether you make it 2 *d.* or 3 *d.* more during the year, I think will not tell upon the consumption, and certainly the increase has not tended to diminish the consumption in any respect in the Punjab, nor to encourage smuggling. I think that those are two very great evidences that it does not bear heavily on the people. Some people assert that the quantity that our people get, 6 or 7 lbs. in a year, is not sufficient; but I have never heard it stated on what grounds that is asserted. I have never heard any medical grounds alleged as really proving it. It may be so, but I have no means of stating. I have heard it stated that the cattle disease has sprung from their not having a sufficiency of salt, but I am incredulous myself on the point. I think the cattle disease has existed just as much in those countries that have abundance of salt.

4546. But 6½ *d.* a year for salt, which at 1 *d.* a pound would be a consumption of 6½ lbs. a year, would be a small consumption?—It seems so to me.

4547. We have it in evidence that in some places it is 12 lbs.?—Yes; in Madras and the south of India. I think it is possible that there may be something in the circumstances and climate requiring a greater consumption there. I know that the people in those parts consume an immensely larger quantity of spices and other stimulants than they do in the Punjaub.

4548. You think that the people in the Punjaub have as much salt as is necessary for them?—They seem to think so themselves, and I have never heard any complaint to the contrary, or seen any evidence to the contrary.

4549. *Chairman.*] Perhaps the food in the Punjaub consists more of corn or wheat?—The bulk of the population throughout India are corn eating; but I think they feed better in the Punjaub than they do in other parts; and in the south there is greater necessity for stimulants.

4550. Does that arise from rice being largely used, and requiring condiments?—Yes, I think this probable. I have had an escort of Madras

Sir *D.F.M'Leod*, K.C.S.I., C.B.

12 May 1871.

sepoys, and have been struck with the difference in the mode of diet. They are very fond of dried fish; and if you deprive them of spices, they go almost frantic about it. I have known the above escort rush into the fields for spices, and tear them up, when they have failed to get them in the shops, in some of the wild districts, as if they could not exist without them. You see nothing of the kind in the Punjaub. It is possible that the same thing may apply to salt.

4551. Mr. *Lyttelton.*] Have you found that the poor man consumes as much salt as the rich man?—I do not think so, personally; but I think that a great deal more salt is used in the household of a rich man than in that of a poor man. I daresay there is a great deal more waste; but I am not competent to express a judgment on the physiological view of the case, whether a greater quantity is really required

4552. I wanted to ascertain whether the poor man economises his salt?—No doubt he economises in every way most carefully.

4553. Mr. *B. Denison.*] Will you tell the Committee where the customs line leaves the Indus?—It starts from the Sutlej. On the Indus we have a small line which goes up along the left bank of the Indus, merely to prevent the trans-Indus salt being brought in; but we have another preventive line along the north bank, the right bank of the Sutlej, which was fixed in our early rule with a view to prevent the salt of the Rajpootana States coming into the Punjaub across our line. The line on which we levy duty commences at Fazilki, on the Sutlej, and goes down to Delhi, and beyond it; it runs north and south nearly; it is to intercept the salt that is made on the westward being carried to the eastward. And from the same point opposite to Fazilki, on the right bank of the Sutlej, we have established this preventive line to prevent the salt of Rajpootana coming across the Sutlej; so that it is obliged to cross the line where we levy duty. On the Sutlej line there is no duty levied; it is purely a preventive line as regards salt.

4554. What is the particular object of preventing the Punjab salt from going east, or the Sambhur salt from going into the Punjaub, the duty being not quite the same, but nearly the same?—In the early days of the Punjab, all salt from the south was prohibited being brought in across the Sutlej. It was never prohibited in the Sutlej States, but it was never allowed to be conveyed across the Sutlej west of Fazilki; because if salt had been allowed to be introduced across the Sutlej there, it would not have paid any duty to the British Government at all. Besides this, all salts, except the rock salt, were declared contraband north of the Sutlej, and our preventive line probably would not have been effective there if it had not been declared contraband.

4555. Would the preventive line have been less effective to the south of the Cis-Sutlej States than it was in any other portion of the North Western Provinces; I mean the line as it runs from the Sutlej right away south?—That is not strictly a preventive line, it is a line for realising duty; the only strictly preventive line is the one that we have in the Punjaub to the north of the Sutlej to keep that salt out. We levy no duty on salt on that line at all. The only duty is on the line that runs from north to south, from Fazilki to Central India.

4556. You are speaking then of a different line when you say that it was established to prevent salt coming from the eastward into the Punjab?—Yes, from the southward, rather, I would call it; but it commences opposite the same point, Fazilki, as our object is to prevent salt to the west of Fazilki coming across the Sutlej and into the Punjaub, because then it would have paid no duty to our Government at all. Rajpootana and Sambhur, and those parts, are all to the west of the Fazilki and Delhi line, and if they came north across the Sutlej into the Punjaub, they would have evaded the duty.

4557. There is an unbroken cordon running from the Sutlej right away down to Central India?—Yes; on the one line it is freely allowed to cross, but it pays duty in passing.

4558. Since the duties have been raised in the Punjab, and also in the North Western Provinces, do the same reasons still prevail to make the retention of that line a state of necessity?—Certainly; because, until it has passed our line, it might come across the Sutlej into the Punjaub without paying duty at all, if we had not such a preventive line. Our preventive line runs along the Sutlej, and prevents that salt coming across, otherwise it could come without paying duty.

4559. What is the salt consumed in the Cis-Sutlej States?—I should think the larger part was certainly the salt of Rajpootana that comes across the line; but I believe that also a very considerable portion of our rock salt is consumed there.

4560. This is a mere question of price, I suppose?—And of quality; the rock salt is preferred, and probably would be taken in many parts in preference, unless it very considerably exceeded the other in price.

4561. I was going to ask whether the comparatively smaller quantity of salt per head consumed in the Punjaub, might not be in some degree owing to the superior quality of the salt?—I think very probably.

4562. You told the Chairman, I think, that there have been no particular chemical analysis of the saline qualities of the salt?—Not by the people, but we have frequently tested the rock salt, and it has proved to be excessively pure; some portions of it quite pure.

4563. The price of the salt in the market, and the cost of conveyance, are practically the conditions which determine the point at which the rock salt ceases to go eastward, I suppose?—I think so.

4564. You spoke of the Mundi salt in the native state of Mundi; that is a poor salt, is it not? — It is poor, insomuch as it contains a large mechanical admixture of gravel and oth er things; but when that is taken out of the salt, I believe the salt itself is as pure as our rock salt; chemically, it is pure, but mechanically, it is impure.

4565. Does it find its way among our subjects in the plains?—Not largely, I think, in the plains.

4566. Do the native states, Cashmere and the others, levy an import duty upon the Punjaub salt?—I think not.

4567. The expense of levying the duty at the mines is, I suppose, very trifling?—Very small indeed.

4568. Then this 71,000 *l.* which figures in the Parliamentary Returns as the charges of collection, I suppose is, really the expenditure on the preventive line?—Yes, on the preventive line on the Sutlej, and the preventive lines in the salt range itself.

4569. *Chairman.*] And the cost of working?—Yes. That heretofore, we have borne; now it has been arranged that the wholesale purchaser shall bear that.

4570. Was that anna a maund put on with reference to that?—Yes, I suppose so; I do not know what the amount is, but Mr. Hume mentions from 2 *s.* 2¼ *d.* a ton, I think. But I see from the return that he gives, that the cost of producing the salt of the salt range is considerably less than that of realising the duty upon the southern line.

4571. It is more than 50 per cent. less; I find here from the return for the North West Provinces, that the expense is 15 per cent., and in the Punjaub, it is 7 per cent. only?—Yes.

4572. You have said, that the consumption of the rock salt is steadily on the increase in the Punjaub?—Yes.

4573. I find also that the consumption of the Kohat salt is also on the increase; is that owing to a larger exportation towards Cabul?—No doubt, if it is increased, that must be so; there has been a moderate increase from 368,000 maunds at first, or less than that to 496,000 maunds in the last year, and the quantity sold last year is very little more than what was sold in 1864–65; it is only the difference between 437,000 and 496,000.

4574. Mr. *Grant Duff.*] You said that the tax was by no means oppressive in the Punjaub?—I think it is not.

4575. Do you think that, as has been thought with regard to Bengal, you might even, if the exigencies of the State required, increase it?—Yes. I stated, as Lieutenant Governor, that I should be prepared to increase it if necessary.

4576. To what extent?—I just now stated, that I think practically we have reached the limit, viewing the circumstances of all India; but I should say, that 4 rupees a maund might be levied without creating an outcry. The people, whatever the reason may be, are certainly not disposed to make objection to the salt tax.

4577. Mr. *B. Denison.*] With reference to the consumption per head, the people of the Punjaub, as compared with other provinces, consume a very large quantity of pepper, both in the dry state and in the other state?—I should say not, as compared with the south of India. I do not think that hot condiments are so much in use in the Punjaub as in the north-west, even.

4578. At all events, perhaps it would be amongst the higher and better classes, if at all?—Yes.

4579. Do you think that their addiction to opium has anything to do with the consumption of salt?—No; it is but a small proportion of the Punjaub population that consumes opium; the Mahometans do not consume it. The great bulk of our population are not Sikhs, who are the chief opium consumers.

4580. Up to the present moment, the only portion of the railway itself existing which could have any influence at all upon the price for the conveyance of salt in the Punjaub would be the intervening bit between Lahore and Amritsir, I suppose?—Yes; a distance of 32 miles.

4581. Sir *C. Wingfield.*] You know the Mundi salt, in the Hills?—Yes.

4582. Have not the Government recently put a duty on that salt, in order to keep up the price of the rock salt?—I understand that there is a project on hand with that view; but it had not taken place in my time, and I do not think it has yet been carried out. It is mentioned by Mr. Hume as contemplated, but has not yet been carried out, as far as I know.

4583. I understand from Mr. Forsyth, who has just returned from India, that it has been carried out, and that the people of Kangra have made great complaints, because they were very dependent on this salt, as the rock salt, before it reached them, rose to a very high price; that is so, is it not?—Yes; the carriage there is chiefly on men's heads.

4584. Would not that appear an oppressive act, putting the duty on Mundi salt?—Any increase of that kind amongst those simple populations would create a certain amount of sensation no doubt, and be regarded by them as oppressive; but I do not think that, after all, they would be worse off than the rest of the people in the Punjaub, unless a very heavy duty were levied. I do not know what the rate may be.

4585. I think it is a rupee; would that be oppressive in your opinion?—No, I should think not.

4586. Mundi is a native state; how could the British Government levy a tax on the produce of a native state; it would be in the nature of a transit duty, I suppose?—Yes.

4587. They could not tax it at the mines?—No; we have no possession of them. We could do almost as we like with Mundi; it is only *quasi* independent; even now we exercise a very great control, and could do that if we liked; but I have no doubt that whatever may be done, will either be done by an arrangement entered into with the native state to receive a sum from them, or by a transit duty, or a duty line on their frontier; but I have not heard the details of what is intended.

4588. Mr. *Cave.*] Is there any trade in salt across the northern frontier?—Yes, into Caboul, decidedly; that Kohat salt is largely carried there.

4589. Is there any export duty on that?—No; we levy a small duty at the mine, nothing more. I believe that the Caboul Government levy something as it passes their frontier.

4590. Sir *D. Wedderburn.*] I understand you to say that the rock salt is almost pure chloride of sodium?—Very nearly pure.

4591. Can you tell me what the impurities are that are found in the other kind of salt?—I myself have not been brought much in contact with them, but I think it probable there may be a great deal of the sulphate. It is very largely mixed with all soil-made salt of the Punjaub.

4592. But there is not any actually unwholesome substance?—No. Glauber salt (the sulphate) may exist in it in small quantities, but not to any great extent.

4593. Sir *W. Lawson.*] Do you happen to know what the average price of salt is throughout India?—I think I mentioned that, as regards the northern part, including the Punjaub and Oude, Mr. Hume, the Commissioner, estimates it at from about ½ *d.* to 3 *d.* per lb. the retail price according to locality.

4594. I suppose that is about ten times the price of what salt would be in England?—I do not know.

4595. Do you know that, on the sea coast where it is cheaper, the people, as a rule, use a great

Sir *D.F.M'Leod*, K.C.S.I., C.B.

12 May 1871.

great deal more salt than they do in the interior?—So I have understood. I have not myself direct cognisance of the matter; we have no sea-board in the Punjaub; but certainly in the southern portion, and all along the coast of Bengal, I believe they do consume more.

4596. Mr. *B. Denison.*] With regard to the line on the Indus, is that a preventive line, or is it for guarding the ferries?—It is a regular preventive line. Wherever we have a preventive line, it is never managed by guarding the ferries, but always by forming a road at a small distance, a few miles from the river, and stationing posts along it; but we have no line along the whole length of the Indus; it goes a very limited distance up.

4597. It goes northward as far as Attock?—There is an interval of about 40 or 50 miles which is left vacant; it goes from the Sutlej up to near Dera Ismael Khan, and then it is taken up again after an interval of 40 or 50 miles, and is carried on not only to Attock, but into the Huzara country.

4598. What route would the Kohat salt, the trans-Indus salt, take to go into Cashmere?—It would go up through Huzara to the north of Abbotabad, which is our civil and military station, and probably on from thence by the line of the Jhelum river into Caboul.

4599. But it is not allowed to come across the Indus?—Not properly.

4600. Then it is really smuggling salt through our own territory?—Yes, so far as it exists; but I am sceptical of its existing to any extent; it certainly has never been proved, and there is a wonderful absence of anything like seizures.

4601. *Chairman.*] What arrangements have they for bringing the salt of the North West Provinces into the Punjaub?—The only salt from below that has been admitted north of the Sutlej, I believe, is the Sambhur salt, and that is admitted in very small quantities, because some of our officials who belonged to the North West Provinces have from habit preferred that salt, and requested that it might be allowed to be introduced, and permission was given; but it has no inclination of itself to penetrate the Punjaub. The rock salt is uniformly preferred by the people of the Punjaub itself.

4602. It is more convenient to bring it direct to the Punjaub from the Sambhur Lake than to bring it round from the North West Provinces?—It must cross our line first and pay duty, and then it can come northwards or any way they like. There are some small native states it might cross, but the bulk of the route would be through our own territory.

4603. Do you keep any officers at the salt-works to watch the export of salt into the Punjaub?—We have now arranged with the Jeypore Jaudpore chiefs to take over the management of the Sambhur Lake; but in the other localities they are quite beyond our control; we have no access to them even.

4604. Have you stated what has been the increase of the revenue in salt in the Punjaub; have you got it 10 years ago, for instance?—I have it; taking any one year, it is very difficult to give it with any certainty, because it fluctuates a great deal. In the year in which we annexed the Punjaub, which was 1849-50, there were only 338,000 maunds from the salt mines that paid duty. In the year immediately after that, 769,000 maunds paid duty; in the following year 641,000; in 1852-53, 842,000. Then after that it continued gradually to increase, and the last year of which I have any record, 1869-70, 1,497,000 maunds paid duty, an increase of certainly 60 or 70 per cent.; that refers only to rock salt. In 1857-58, after the Mutiny, the line upon which duty is levied from the Sutlej to Muttra, was brought under the Punjaub, and that gave us a large accession of duty. In the year 1858-59, 12 lacs of maunds paid duty.

4605. I think you have given us the quantities already; will you now give us the revenue?—£.80,000. we realised the first year from the mines, and 153,000 *l.* in the second year.

4606. Has it steadily increased since then?—Yes, both in quantity and the amount of duty.

4607. Have you given the rates that prevailed since our acquisition of the Punjaub?—Yes; and last year we realised 378,000 *l.* from the rock salt.

4608. Is there any obstruction whatever to the trade in salt across the frontier of the North West Provinces from the Punjaub?—Not the least.

4609. Mr. *Fawcett.*] Supposing that you require a greater revenue from the Punjaub, that is to say, supposing the financial exigencies of India should be such that you required a large revenue, would you recommend an increase of the salt duty?—I think that it might be realised; but I think before expressing a decided opinion upon a point of that kind, I should like to consult the natives more than we do generally.

4610. If it were necessary to raise a greater revenue, is there any tax that you would prefer imposing or increasing rather than increase the salt duty?—Well, I know of none that is less likely to create any sensation among the people; but there are many others that they themselves in native states raise; a tax upon marriage is one of their most favourite ones, and a poll-tax upon classes who do not pay land revenue, which they used to realise. They had a great number of irregular imposts under native rule, many of which we, perhaps, do not approve, but which they themselves prefer, I think. I would be very cautious about expressing a definitive opinion about any tax until I had had an opportunity of discussing with natives regarding it.

4611. You think that it would be unwise generally to propose any new tax, or to increase any existing tax, until the natives have been more fully consulted?—I think myself it is most desirable, before anything is done, for we really do not know what would be the result unless we did consult them.

4612. *Chairman.*] There is another item among the revenues of the Punjaub, namely, the "Excise on spirits and drugs;" will you explain to the Committee under what conditions that branch of revenue is collected, and from what objects?—In all the earlier period of our rule the excise upon spirits was levied entirely by the contract system, which has been described as prevailing in Bombay. The monopoly of sale was let out by auction to those who offered for it.

4613. By districts, or at each separate place?—Generally by districts; but within the last five or six years the Sudder distillery system has entirely superseded the other. A still-head duty is levied upon all spirits produced.

4614. Can you state the rate at which that duty is now levied?—I have taken no memorandum regarding that, as I did not know that I should

should be asked the question; but I think it was about a rupee 8 annas the gallon upon medium strength. There were various rates upon different strengths. But, in addition to the still-head duty, a large portion of the revenue is realised also by licensing shops for sale.

4615. Are they licensed at the discretion of the magistrate?—Yes; they are under control, of course. There is great disinclination to allow an increase in the number of shops without very valid grounds.

4616. Is there a fixed rate for the licenses?—No; they are granted mainly by auction. Some care is taken that disreputable people are not allowed to have these shops. There is some discretion used, otherwise they are generally given by auction to the highest bidder.

4617. The magistrate first fixing place and the limits of the district?—In India it is done by the Revenue Department, by the collector.

4618. But does he fix the neighbourhood where the shop is to be?—Yes, practically. They have been fixed in previous times, no doubt, by the local authorites of the day, and they have been continued from year to year as the authorities thought desirable, with additions or alterations.

4619. Are the licenses sold annually?—As a rule. In some instances they have been given for a longer period.

4620. Are the places where the spirits are retailed poor places?—Very poor.

4621. For the most part are they sold in the open air?—I think they generally sell the liquor and consume it within walls, and sometimes they are apt to be very uproarious places if they are not looked after.

4622. To what circumstance do you attribute the smallness of the revenue under this head in the Punjaub, as compared with other provinces such as Madras and Bombay?—The majority of the population of the Punjaub are Mahomedans, and they are not allowed to drink, though they do drink; as a rule they are not at all a spirit-drinking population. The Sikhs are decidedly so, but they are a small portion only.

4623. Do you mean the whole of the Sikh population?—They all drink spirits.

4624. That is to say, it is not unlawful for them?—Not at all.

4625. But do they drink to any considerable extent?—Yes, I think decidedly. Some of the smaller chiefs felt it a great grievance when our system was introduced, that they were not allowed to have their own stills. They are very particular about their liquor; they said that they could not get it good from the ordinary stills. I have no doubt you will remember that fact; but I do not think that they are very much given to getting intoxicated. Some of them have utterly broken down under it, but as a nation they are not drunkards.

4626. Are they in the habit of frequenting these places merely for the purpose of drinking?—Yes.

4627. But we are to understand that this revenue is chiefly paid by the Sikhs, and that the Mahomedans, as a class, do not drink?—Chiefly by the working classes, and more largely, perhaps, by people whom we have introduced into that part from other parts, than any others; the navvies upon the railways, for instance, and workmen generally of the lower classes and castes. In every village you have a number of these people, and they are the largest consumers by far.

4628. From what part have they been imported?—For our canals they have been imported from the Hissar and Delhi districts considerably, and for railways from all parts of the Provinces. Many of our servants, horse-keepers and others, are imported from Hindostan from the North Western Provinces, and all these are very much given to drinking, much more so, I think, than any class of Punjaub proper.

4629. Can you state what the revenue was from the commencement?—No; but in the last administration report of the Punjaub it is stated that the introduction of the Sudder distillery system has had the effect of very much reducing the consumption and increasing the revenue, and I have no doubt that it is a most beneficial change. The former system was a most injurious one.

4630. It did not work well?—No; it was rapidly promoting drunkenness. My early career was in the Nerbudder territories, where they have a wild hill people called the Gonds who drink largely, and I have known whole pergunnas depopulated in consequence of the action of our spirit contractors. They used to send people all over the country to seduce these poor simple folk, and utterly demoralise them. They got on their books, and, after being sold out of house and home, they absconded in thousands.

4631. The man who did all this was stimulated to doing it by the Government?—Under that system he had the opportunity. It was not intentionally done by the Government, but that was the effect, especially when they got a large contractor. In some parts it was thought more advisable to have a large man, because he would have a greater stake to lose, and large tracts were given over in this way; but the result of that was so very injurious that the Government thought it necessary to put a stop to it, and in some parts the people were allowed to erect individual stills in these hill districts where they are very much given to spirits. But the system now prevailing in the Punjaub has been, I think, very satisfactory in its results.

4632. Is there any revenue derived from drugs?—Yes, the monopoly of the sale of drugs is let out.

4633. What do you mean by drugs; what commodities?—The chief drug there is a preparation from the hemp that goes by various names, gûnjah, bhang, &c. The sale of opium is also let out in the same way and is included under drugs, but it is generally granted in a separate form and separately shown in our account.

4634. You have an item of "opium 1,375 *l.*" in your accounts?—Yes, that is levied in two ways; in one part by an acreage on the growth of the poppy, but the great bulk of it is by lease of the monopoly of the sale.

4635. Those branches of the revenue are obtained by contract still?—Yes.

4636. For districts?—For districts; each district generally has its own contractor. But opium is produced of a very superior quality in one of the hill parts of the Punjaub called Kooloo, and there is a duty levied upon it when it is exported from there to the other parts. That is quite a special case; any that is brought into the Punjaub can only be sold by the privileged contractor after having paid the export duty.

4637. Do you know what the duty levied upon the opium manufactured in that district is?—I

Sir *D.F.M'Leod*, K.C.S.I., C.B.

12 May 1871.

could hardly trust my memory, but the returns will show the rate.

4638. Are the bhang and opium farms both put up to auction in the district?—Yes, generally separately; they used to be united, but now they are kept separate.

4639. Are they generally taken by the same persons?—Very frequently. In fact, I do not know any instance in which the opium has been contracted for by a different person from the drugs contractor.

4640. Sir *W. Lawson.*] I think you said that civilisation was increasing considerably among the natives?—Certainly.

4641. By that do you mean that there is more order among them than there was?—Much more of education spread amongst them, a much greater habit of thinking of matters of greater importance, and all that we generally regard in the light of civilisation. The higher orders are some of them receiving a very high education, and are taking a prominent position in public life.

4642. I had in my mind more the great bulk of the people, what would be called here the lower class?—Even amongst them we have established in the Punjaub village schools to a very large extent, and in consequence there is much more of general intelligence being disseminated amongst the people than they possessed before.

4643. Is there a more equal diffusion of wealth among them, less abject poverty among the masses than there used to be?—In the Punjaub wealth is increasing very much, and I think there is very little abject poverty of any kind.

4644. Are they better clothed and housed?—Yes; you can see in the look of the villages a decided improvement. And what is generally the criterion in India, to judge whether the ordinary population is improving in wealth, is by the quantity of ornaments that their females in particular wear, and they have very largely increased. Also the cooking pots that they have in their houses, which are almost the whole of their household property, are very much increased.

4645. Do you think that the average morality of the people has improved of late years?—I am afraid not; I do not know that they have been affected one way or the other, but I should not say that there has been any great improvement. Perhaps those who have received a high education from us have had more of self-respect than before, but I am not sure that they have been improved in all respects.

4646. How long have schools been established in the Punjaub?—One school was established before we annexed the Punjaub by missionaries on the Sutlej at Ludhiana which had a very considerable influence upon the Punjaub. A number of youths, the sons of the gentry, were sent from Lahore to Ludhiana to be taught, and from that time we have from year to year increased the number of our schools, and the efforts and outlay on the part of Government; and after the first few years of our rule a cess was introduced of 1 per cent. for education alone from the proceeds of which village schools are now very largely sustained.

4647. Mr. *J. B. Smith.*] Has that assessment been cheerfully paid by the natives?—Yes, perfectly so; practically it falls upon the Government in the end. In making the assessment of the villages, all cesses of that kind have to be taken into consideration more or less.

4648. But the establishment of schools has been popular?—Certainly; the agricultural classes, as a rule, do not care about knowledge as yet, but the mercantile and trading population take very largely to our schools.

4649. Mr. *Fowler.*] I understood that opium was extensively used by the population of the Punjaub?—By the Sikh population. They form a very small portion of the Punjaub, but they use it largely.

4650. And what is the effect upon them?—They sometimes become almost torpid for a time, and then seem to be cheered by it. I have seen some of the small Sikh chiefs who have been in the habit of using it, when debarred from it at the proper time, become almost imbecile and helpless till they get their quantity of opium, and then they get lively after a short time; and I do not think in the end it has produced any very injurious effects.

4651. Do they ever break themselves of the habit?—Not spontaneously. In the case of people confined in our gaols it has been a very difficult problem with the doctors how to deal with them; but in many cases they have managed, for a time at all events, to entirely put an end to their consumption of opium by using astringents and other processes; but I do not think that amongst themselves they ever spontaneously break themselves of the habit; they become quite wedded to it.

4652. In your opinion, then, the use of opium among the Sikh population is prejudicial?—I have never known any ill result, except that when they are deprived of it those who are inveterate opium smokers become helpless; but as a rule it has not produced any such injury, I think, as the consumption of hemp as a drug. That gets into the head, and often proves, I believe, very injurious.

4653. Does it shorten life?—I should think it does. I have never gone into the subject, but I have no doubt that the class that consume drugs largely are affected much more than people are by opium.

4654. You think that opium does not shorten life?—I am not aware that it does. Probably it does when carried on to a great extent. I have seen some very fine specimens of Sikhs who have been all their lives taking opium.

4655. Mr. *Dickinson.*] With regard to the Kooloo opium, where is that exported to?—Into the Punjaub generally, and higher; it goes up into the Thibetan tracts, I believe.

4656. It does not go in any way to the sea coast?—I fancy hardly so far; but some of it is exported to places in the plains.

4657. Is there a high duty upon it?—No, much smaller than upon the opium that goes to China.

4658. Is there any tax at all upon snuff or tobacco?—No. A tobacco tax has been frequently recommended; but Mr. Strachey wrote an elaborate paper disapproving of it, and it was dropped.

Tuesday, 16th May 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Sir James Elphinstone.
Mr. Beach.	Mr. Fawcett.
Mr. Birley.	Mr. Robert Fowler.
Mr. Cave.	Mr. Hermon.
Mr. Crawford.	Sir Wilfred Lawson.
Mr. Cross.	Mr. Lyttelton.
Mr. Beckett Denison.	Mr. M'Clure.
Mr. Dickinson.	Mr. J. B. Smith.
Mr. Grant Duff.	Sir David Wedderburn
Mr. Eastwick.	Sir Charles Wingfield.

MOUNTSTUART ELPHINSTONE GRANT DUFF, Esq., IN THE CHAIR.

Mr. WIGRAM MONEY, called in; and Examined.

Mr. *W. Money.*

16 May 1871.

4659. *Chairman.*] WILL you have the goodness to mention the appointments that you filled during your last 10 years in India?—I was Magistrate and Collector and Judge at Mirzapore, and Commissioner of Customs in the North West Provinces.

4660. You have given very special attention to the salt question in the North West Provinces, have you not?—Yes.

4661. Will you have the goodness shortly to describe to the Committee the method by which we raise our salt revenue in those provinces?—The most productive salt sources are in the foreign territories, in Rajpootana and Bhurtpore. Formerely when these salts were brought into our territory, there used to be a duty collected all over the country at the different large stations, Cawnpore and Futtyghur; and in order to relieve the country from the vexatious interference of traffic in going from one place to another, a customs line was formed outside on the borders of these foreign states, to intercept all the salt that would have been brought into our territory (*the Witness traced the line on the map*).

4662. What is the length of that line altogether?—1,800 miles.

4663. And for what purpose was it established?—To intercept the salt brought from the Rajpootana and Bhurtpore States, which supply the North West Provinces in a great measure.

4664. What articles pay duty on passing that line?—Only sugar and salt. Salt as it comes from the southward, and sugar as it goes out of our territories to the Rajpootana States.

4665. Can you tell us what number of persons are employed along that line?—There are 10,800 officers and men stationed along that line.

4666. Can you tell us what the annual cost of maintaining that line is?—It is 11 lacs and 50,000 odd rupees.

4667. Have you ever thought of any better means of collecting the revenue than that?—I do not think that there could be any other. As the salt comes from Rajpootana, except the line, there is no means of intercepting it. At present, I hear

the Government have taken possession of the Sambhar Lake, and made a treaty with the rajahs in order to give the merchants cheaper salt; but however much cheaper it is there, the Native states through which it must come to us will just raise it up to the same amount; therefore the people get it no cheaper at present, but when the railways are established from Sambhur to our territories it will escape the Native states, and then there will be a very great difference.

4668. Then, has a suggestion ever been made for arrangements with the Native states that might obviate the necessity for that line?—Not that I am aware of.

4669. But have any suggestions ever been made for other arrangements?—I do not believe that there have been with regard to the Native states; I can state the different amounts which the Native states, through which the salt passes, levy. When the salt leaves the Sambhur Lake, on entering the city of Jeypore the salt pays two annas a maund. On entering the Bhurtpore city, five annas and four pies; at the city of Tonk it pays two annas and six pies, at Boondee four annas and four pies, and at Suwaee, Madapore, four annas four pies, as it passes those places; that is the amount levied from the merchants.

4670. Has there never been any suggestion for arrangements with the Native states for accommodating their duties to our wishes?—I never heard of it.

4671. Will you explain whence the taxed salt comes?—Chiefly from the Bhurtpore State, and also in our own country, from a place called Sultanpoor and from Noh, a place 30 miles from Delhi, and also from Sambhur; those are the great places.

4672. Does any salt come into the North West Provinces, either from Bengal or the Punjab?—Yes; the Lahore salt comes from the Punjab. The Bengal salt very seldom comes up higher than Allahabad, it oscillates between Allahabad and Ghuzeepore.

4673. And which quality of salt is the best that comes into the North West Provinces?—

Mr. *W. Money.*

16 May 1871.

What the natives prefer is the Sambhur, which is consumed by all the wealthy men, the landholders and merchants.

4674. Why do they prefer it?—They seem to prefer the taste of it. The Europeans generally use the Lahore salt, the rock salt, and the reason, I imagine, that they use that is, that it is easier prepared and scraped off, and the other requires a great deal of washing.

4675. What is the amount of duty levied upon salt in the North West Provinces?—Three rupees.

4676. Have you ever heard that in any part of the North West Provinces, there is too little salt for the wants of the population?—I never heard such a thing.

4677. Have you ever heard complaints of the tax being oppressive in any way?—Never. I believe not one out of 100 men who pays the tax knows that he is subject to a salt tax, and I am quite sure that there is not one in 100 that ever buys salt directly. On purchasing his daily food he gets some salt, one or two chillies, and a few grains of pepper, ostensibly for nothing, and the price of the whole amount is included in the cost of the food.

4678. You lived a good deal amongst the people, did you not?—Yes.

4679. And you lived with them very familiarly?—Yes.

4680. Did you ever, on any one occasion hear any complaint of the salt tax?—Never a single one.

4681. I suppose they were in the habit of making complaints about many things?—They were quite ready to make them when they had any to make.

4682. But you never heard the salt tax mentioned as a grievance?—Never.

4683. Do you consider that if it were desirable, for the sake of the revenue, we could raise the salt tax at all?—I think it might be raised four annas more, to equalise it with the Beugal salt, without any difficulty.

4684. Would that have any other advantages?—Except raising the revenue, I do not know of any other.

4685. Nothing in the way of preventing smuggling?—No, I think not.

4686. You mean that there is not much smuggling over that frontier?—No.

4687. Sir *C. Wingfield.*] With regard to those places which you refer to, Sultanpoor and Noh, is the duty collected there at the works?—No, it is a transit duty collected on crossing the line.

4688. But they are in British territory?—Yes; but the line is between.

4689. Are there Government works at Sultanpoor?—Yes; they now belong to us.

4690. Why could not that duty be collected at the works?—Because the custom house is at Delhi, where the passes are sent out to them.

4691. But the Government have now got the lease of the Sambhur works, have they not?—Yes, I hear they have.

4692. They mean to collect the duty there on the spot, I presume?—Duty is not collected anywhere else but on crossing our line.

4693. It was absolutely necessary to have a line as long as the salt remained in foreign independent states; but if you have some in your own territory you may adopt another method, may you not?—You must have a line to intercept salt from Bhurtpore and other parts of Rajpootana, although we have the Salt Lake in our possession.

4694. You say that you have never heard any complaints that the price of salt is too high?—Not from any natives.

4695. But the great majority of civil officers think it is too high, judging from my experience; is not that your experience also?—I do not think they do in the North West Provinces.

4696. Over and over again they have represented that the price is too high, have they not?—When I left Allahabad, the taxed salt was selling eight seers for the rupee. It is allowed that a man consumes four seers, or 8 lbs. a year; and that to a man receiving three rupees a month, or 36 rupees a year, would be just the 72nd part of his yearly income.

4697. Are you aware that calculations have been made showing that south of the line where the salt is free the consumption per head is very much larger than it is north of the line, where it has to pay duty?—Never.

4698. Did you see the Report of Mr. Hume, the Commissioner of Customs, on salt for 1869 or 1870?—I saw that.

4699. He adverts to all those circumstances; but he thinks that the extension of railways will cheapen the price of salt?—I will allow 8 lbs. for the consumption of a man. Perhaps you know that the sanitary commissioner in the Upper Provinces, when he was asked to state what was sufficient for the prisoners in his gaol, reported in 1868 that he found 100 grains a day, or $5\frac{1}{10}$ lbs. per annum sufficient to keep them in perfect health; and it is well known that prisoners require more generous diet than free labourers.

4700. But perhaps you are not aware that in a great many of the gaols of the country, the allowance of salt fixed by the inspector of prisons was found so totally inadequate, that it was increased by the local governments?—It was increased to 133 grains, and that in the year is very near 7 lbs., which is still under my allowance, for the poorest man who receives three rupees a month. The general wages now are either four or five rupees a month, two and a-half annas, or three annas a day; and I made a calculation that if a man receives an anna and a-half a day, he can get 8 lbs. a year.

4701. Mr. *Beckett Denison.*] The average of 8 lbs. is struck upon the whole population, men, women, and children, I suppose?—Yes.

4702. Sir *C. Wingfield.*] Are you aware that in the saliferous districts, where the salt can be made by scratching up the earth in front of a man's door, putting water to it, and then leaving it to evaporate in the sun, the practice of making salt in that way is carried on to a very great extent?—The trade in that kind of salt has now been entirely stopped; but for local consumption it goes on still, and it will go on for ever; and that is the reason why I maintain that the people have salt, although the quantity brought across our line, judging by statistics, does not equal the wants of the population. They get it from the saliferous tracts all over the country.

4703. But you are aware that that is an illicit manufacture, that they are liable to be punished, and that they were punished in great numbers for it till recently?—Yes.

4704. But would they run this risk of being punished, if it were not that the imported salt were too dear?—It makes no difference; if you reduce

reduce the duty to four annas a maund, they will go on making their salt.

4705. If there was no duty at all on the imported salt, you think that they would go on making it?—Yes, whatever may be the duty on the frontier, they would go on making that salt.

4706. Are you aware that the government of Oude, in the year 1859, prohibited all interference with what is called this rude domestic manufacture of salt?—Yes.

4707. And that afterwards, in consequence of the representations of the Commissioners of Customs in the North West Provinces, that the domestic manufacture was carried on to such an extent that it was injuring the salt revenue, the permission was taken away?—Yes.

4708. But the permission was granted because it was considered to be a very great hardship that the people should be compelled to pay a high price for the imported salt, whereas they could reduce that price very much by making this domestic manufacture, the rude salt out of the earth?—Yes, I remember that.

4709. Have you not heard it said that the high price of salt prevents its being given to the cattle, and consequently has led to a great deal of disease among the cattle?—I have heard it; but as a general rule, except when they are sick, I have never heard of cattle getting any. Where do the cattle in the jungles of Oude get their salt from? Except when they are sick they do not require salt.

4710. Everybody gives salt to his horses in India?—The cattle in the large droves in the forest do not get any salt, and yet they are in very good condition.

4711. You must have heard that for many years the civil officers expressed openly the greatest repugnance to enforcing the penal laws with regard to the manufacture of salt, thinking they were a hardship, and oppressive to the people?—I have heard that.

4712. Mr. *Fawcett.*] I understood you, taking your own estimate, that the salt duty represents for a man's consumption, 1-72nd part of the income of an ordinary labouring man?—Yes.

4713. That is, you may say, an income tax imposed on him of about 1½ per cent.?—He pays no other tax, directly or indirectly, of any kind.

4714. Am I not correct in saying that that is about an income tax of 1½ per cent. on that man?—Yes.

4715. His wife, I suppose, consumes about the same quantity of salt?—His wife I imagine does.

4716. And if he had three children, we will say under the age of 10, they would consume nearly as much?—Half the quantity I should say.

4717. Then, considering that his wife consumes as much, and that if he has three children they consume half as much, the average amount that he pays for salt duty, represents an income tax of nearly 5 per cent., does it not?—But they get their share too; they can pay for their salt as well; he does not pay for the salt of his wife and children, they all work.

4718. What age do the children work at?—At 10 and 12.

4719. But supposing that he has three children under 10, they do not work, and his wife if she has a great number cannot work?—Children work at eight and 10 years of age.

4720. Then I will put my case again; the children who earn wages, of course pay a certain tax in proportion to their wages; I will assume that, but I will put this case, a man pays himself 1-72nd part of his income, his wife having a great number of children cannot earn anything, and he has three children under 10 years of age each of whom consumes, as you say, about a half of the quantity of salt that the man consumes; accordingly, a man in such a position has to contribute as nearly as possible 5 per cent. of his income to the salt duty?—I can only say that his wife and children also earn wages.

4721. But you say that the child is not employed until he is 10 or 12; it is quite a reasonable supposition that a man may have three children under 10 who do not earn wages?—Yes.

4722. I will take the case of a family where there is a wife and a considerable number of children, and three of the children happen to be under 10 years of age, and do not earn wages; in such a case, the man will be compelled to contribute, according to your own figures, to the salt duty 5 per cent. of his income?—If the wife and children do contribute to their food, he does not feed the whole family, they earn their wages, and some of them add their share towards it.

4723. I am afraid you do not understand my question; I asked you just now; at what age children generally go to work; you say when they are 10 or 12; it is not unreasonable to suppose that in a family there are three children under 10 who do not earn wages, and the wife, from having a large family, or from actually having children, is unable to contribute to the earnings of the family; a man in such a position, according to your own figures, must contribute nearly 5 per cent. of income to the salt duty; am I not correct in that supposition?—I do not accept the data.

4724. I have invented no data for you; in what respect are the data unfair?—You assume that the man feeds his wife and children from his wages; a child of six or seven in India is employed in the field in various ways; from the time when they are only six or seven children commence working.

4725. But you will remember that I took your own data; I asked you just now at what time the children go to work, and you said 10 or 12; you wish to say now that you were in error, and that a child goes to work at six?—At six or seven.

4726. You are quite certain that those are the data which you now wish to keep to, that a child does go to work at six or seven, not younger?—No.

4727. Then I will take this case, suppose a man has a wife and two children under seven who do not go to work, those two children consume, according to your statement, about half as much salt as the man; that being the case, he having also to keep his wife, who from having many children cannot work, the amount he contributes to the salt duty represents an income tax of 4 per cent.?—It may be so.

4728. But I venture to submit that that is not an answer; I take your own figures, and I draw a certain conclusion; I am anxious to obtain from you whether there is anything incorrect in the figures that I present to you?—Not that I am aware of.

4729. Then if those figures are correct, is there anything incorrect in the conclusion that I have drawn from them?—No, I do not see anything.

Mr. *W. Money.*

16 May 1871.

4730. Then it would be more correct to say that, in certain cases, instead of a man contributing 1-72nd part of his income to the salt duty he contributes 4 per cent. to it?—Every man is not supposed to be saddled with a wife and two children as you represent.

4731. But I say in some cases it is so?—There may be some cases of that kind; but I am speaking of the general consumption.

4732. You said just now, did you not, that the expense of keeping up this salt line for collecting the duty was 110,000 *l.*, or 11 lacs of rupees?—Yes.

4733. What is the amount of revenue which is raised from this line?—£. 1,431,000; it is not always the same, it varies; it is about 1,000,000 *l.*

4734. What should you say was the average?—In 1867-68 it was 1,389,461 *l.*, and in 1866-67 it was 1,431,000 *l.*

4735. Therefore 110,000 *l.* has been spent to get this revenue on the customs line?—Yes.

4736. You gave an estimate, did you not, of the number of people employed in watching this customs line?—Yes, 10,800 and odd.

4737. Does 110,000 *l.* cover the whole expense of employing the 10,000 people?—The duty collected upon sugar pays for the whole of that, and the salt revenue is entirely gained without any expense, net.

4738. But it struck me that, considering the number of men employed, the expense put down at 110,000 *l.* was extremely small; does the expense cover the whole charge for these 10,800 men?—The 11 lacs of rupees are for the whole establishment; the line does not cost as much as that; the cost of the line itself is seven lacs and 54,000 rupees.

4739. You rather advocate, I understand you, that the salt duty in the North-West should be raised, do you not?—I an not an advocate for it, but I say it could be raised without pressing hard upon the people.

4740. What should you say would be the selling price of salt, supposing that there was no duty in the North-West; it is almost spontaneously produced by nature, is it not?—In great part it is.

4741. What is its price now?—Produced at Bhurtpore, it was six annas and eight annas a maund, and in our territory at Sooltanpoor, and now it is produced at from three to four annas a maund.

4742. But I mean what is the price including the duty at which it is sold to the consumer?—It depends upon what part it comes from.

4743. What is the average should you say?—At Allahabad, where I was last, that is 250 miles from the frontier, the taxed salt sold as I mentioned at eight seers for the rupee.

4744. What is that a maund?—Five rupees a maund.

4745. Then could you give me any estimate as to the price at which salt that was sold at Allahabad at that price, having to pay the duty, would be sold, supposing that the finances of India could afford for it to pay no duty whatever?—I should think it would be sold for a rupee and a-half without the duty.

4746. Would it cost as much as that?—The salt from the foreign territory would, but not our own.

4747. Considering that there is salt near Allahabad, what would that cost?—The salt produced in the neighbourhood would sell for four or five annas a maund.

4748. That is a quarter of a rupee?—Yes.

4749. So that the price of the salt to the consumer is increased twenty-fold, owing to the duty?—It is increased, certainly, very considerably.

4750. But I want to get to exact figures. There is no question that it is twenty-fold; therefore the salt duty represents a tax of 2,000 per cent. upon the value of the article, does it not?—Yes.

4751. In many parts of India it is no exaggeration to say, from instances described by a previous witness, that the salt is spontaneously produced by nature, and there is simply the trouble of collecting it?—Over a great part of India that is so.

4752. And there the salt is taxed, is it not?—They are not allowed to manufacture it.

4753. So that it is a correct description to say, that in some parts of India you levy a duty of as much as 2,000 per cent. on the value of an article, and in other parts of India you levy a high duty upon an article which is spontaneously supplied by nature, and which could be obtained at no cost at all if it were not for the duty?—Certainly.

4754. Mr. *Cave.*] It is analogous to a poll-tax, is it not?—Yes.

4755. Mr. *Dickinson.*] Whose property is the salt-producing land; who is the owner of it?—The landholders.

4756. Then it is a prohibition upon the landholder to use that produce at all?—Certainly.

4757. Even on paying duty, he is prohibited from actually manufacturing at all?—Yes, he cannot manufacture at all.

4758. He cannot have the produce of his own land, even after paying duty?—That is so; but since I left India I hear that at a few places they are allowed to manufacture salt on paying the duty of three rupees.

4759. Is that salt for sale, or salt for home consumption?—Salt for sale; that is since I left India. Certain parts of India, in the Jaunpore district, they have been allowed to make salt on paying the duty of three rupees.

4760. But still there are parts of India where the owner of the land is not allowed to manufacture salt at all?—Yes.

4761. Under what head of revenue do the sugar duties come, taking the North West Provinces, for instance?—They come under customs.

4762. Taking the entry of 49,000 *l.* for customs, that would not be salt but sugar?—Yes.

4763. Can you tell me at all how the cost of collection is divided between sugar and salt, because last year in the North West Provinces accounts, you will see a charge against salt and a charge against customs?—The cost of collection is all put under the head of salt.

4764. But I understood you just now to say, that the customs paid the cost of collection?—No; the salt and the sugar both raise this revenue for paying this establishment; it is not headed first "sugar" so much, and "salt" so much.

4765. I think I understood you to say just now, that when the railway is made from the Sambhur Lake to our own provinces, the Sambhur salt will come cheaper?—Yes.

4766. Will not a transit duty be levied along the line of railroad?—Not until it comes to our

customs

customs line; then they will have to pay as usual. Now it is brought on camels and bullocks; of course it will be brought much cheaper by railway.

4767. The railway from the Sambhur Lake to our own territory will pass through Native states?—Yes, but it will not be stopped there.

4768. How are you to prevent their levying transit duty, the same as they do now?—I do not know the position of the railway myself; I have not seen how it runs; but I should not suppose that it would be detained to be searched.

4769. Mr. *J. B. Smith.*] What is the distance?—One hundred and eighty miles.

4770. Mr. *Dickinson.*] At present the Sambhur salt, going from the Sambhur Lake to our own territories, pays duty to every state it passes through?—Yes.

4771. Those are called transit duties?—Yes.

4772. Do you know whether the same salt remaining in the Native states for home consumption pays other than transit duties?—It pays duties for guarding the salt; when they stop at a village they levy duty in that way on the pretence of guarding it.

4773. I mean, supposing salt to be exported from the Sambhur Lake to one of these intermediate Native states, it has to pay transit duty before it gets into that state, but would it have then to pay a further duty there for home consumption?—No.

4774. Do you know whether any of the Native states levy a duty on the salt for their home consumption?—No, I do not know.

4775. Have you ever considered the question as regards the equalisation of duties through India as between the Native states and our own territory? The salt at present from the Shambhur Lake going to our territory pays a transit duty; some of the Native states, take Malwa, for instance passing opium through our territory, pay a customs duty. Would English goods passing from one part of our territory to another through Native states be liable to transit duty there?—It depends upon the Native states or rulers, and what they chose to do.

4776. Do you think it is fair on the Native states producing an article that we consume to make it pay on coming into our territory?—We do not make them pay, they bring it themselves; we do not force them to pay.

4777. Then there is a duty on an article coming from a Native state into our territory; take Malwa opium, for instance?—We raise a transit duty on all the salt crossing our line from the Native states.

4778. Do we object to the Native states raising a duty on English produce passing into the Native states?—Not that I know of.

4779. Do we object to the Native states levying an import duty on our piece-goods going into their territory?—I have never heard any objection made; I do not think there is any interference of that kind.

4780. The question of the transit duties in India is left entirely to the regulation of these individual states?—Exactly.

4781. There is nothing approaching to a Zollverein?—No.

4782. Mr. *Beach.*] The consumption of salt varies both according to the rate of duty and according to the prosperity of the people, does it not?—I do not think that the people take more than a certain quantity whether they get it cheaper or dearer.

4783. You think that the people always take the same quantity, whatever circumstances they might happen to be in at the time; in a good year, for instance, they would take the same quantity as in a bad year?—I think so; it is different from sugar; a man may consume more sugar; but taking more salt than usual would be very distasteful.

4784. Would they not lessen their consumption in a particular year; would a family, for instance, not consume less in a particular year than they would in another year; if a man was well off he would consume a certain amount; would he not lessen his consumption if he were not so well off?—If he could not get it, I suppose he would; but a man would not get more salt than his usual amount because it was cheap.

4785. But would he take as much if he had not so much money to pay for it?—If he could not pay for it, I do not suppose he would get it.

4786. Supposing a certain amount is taken as the average of consumption, would he, if he were not in receipt, say, of such good wages, or if he had more in the family to provide for, take quite as much?—I never heard of an instance of any person getting less salt than he required.

4787. Mr. *M'Clure.*] What other purposes than food is salt used for?—In the Upper Provinces it is merely used for individual consumption.

4788. Mr. *Cross.*] Do I rightly understand you to say that, in your opinion, the amount of duty makes no difference whatever to the amount of salt consumed?—The present amount of duty does not affect the consumption.

4789. Neither for agricultural nor for family purposes?—I never heard of its being used for agricultural purposes in India.

4790. How high do you think the duty might go without interfering with the consumption?—Four annas more, so as to equalise it with Bengal.

4791. Did I rightly understand you to say, that there was no grumbling at the present rate of duty?—I never heard a word against that tax.

4792. Not even from those persons who were prevented from making their own salt lying at their own doors?—Those people do complain, certainly, who are not allowed to manufacture salt.

4793. But does that grumbling go on to any great extent?—Not that I am aware of.

4794. And you think that if the duty were less it would not at all increase the consumption?—I do not think it would.

4795. Sir *J. Elphinstone.*] Viewing this as an imperial question, what is your opinion with regard to equalising the duty upon salt over the whole of India?—I am not an advocate for lowering it to the same as Madras and Bombay, because I do not think it presses heavily, as the duty still stands in the North West Provinces.

4796. Then you would not be opposed to raising the duty on salt in the other provinces, so as to make it uniform?—I do not know how it affects the people there.

4797. With regard to a zemindar who has property which is saliferous, is he prevented from manufacturing salt, or do the Government make any arrangements with him?—He is prohibited, except in certain localities where, I understand

Mr. *W. Money.*

16 May 1871.

since I have left India, they have been permitted to manufacture salt on paying the three rupees duty.

4798. But was it not the case, that when we took over the province of Cuttack, there was an arrangement made with the chiefs or zemindars, or gentry of the country, who had been in the habit of manufacturing salt in Chilka?—I do not know anything about Bengal.

4799. I think I understood you to say that we have acquired the property of the Sambhur Lake?—I understand that Government has taken charge of it.

4800. And as soon as the railway is made, they will take the salt there and bring it into their own territories without paying any transit duties at all?—I do not know what arrangements will be made eventually.

4801. They will have to make arrangements with the Native states through which it passes?—I suppose so.

4802. In all probability they will be of a much more favourable nature than at present, I presume?—Yes.

4803. The country is very sandy, is it not?—Yes, altogether.

4804. And the salt is carried by bullocks?—And camels.

4805. And, therefore, at a very considerable cost?—A maund of salt as far as Agra, costs a rupee for the carriage.

4806. What is the prime cost at the lake?—Nine annas.

4807. Then a rupee and nine annas is the prime cost of the article at Agra?—Yes.

4808. Then the 72nd part of a man's income that was alluded to, I suppose embraced that prime cost?—It is the Bhurtpore salt I referred to; Sambhur salt is dearer.

4809. What is the prime cost of the other?—Six annas, and the carriage.

4810. So that in making a correct estimate of the amount paid by a family, you must deduct the prime cost of the article?—Yes.

4811. Which reduces it very much from what the honourable Member for Brighton seemed to elicit from your evidence before, he did not take into account the prime cost?—No; I selected Agra as being one of the dearest places, and I took also the wages of the very lowest possible kind, to show that if it did not press heavily upon a poor man, then it must be admitted that it did not press heavily upon anyone.

4812. In that view you have another charge to add; you have the prime cost, the carriage and the retail profit?—Yes.

4813. So that that deducts very considerably from the sum paid by the ryot; he must pay these three charges at any rate; he cannot avoid them?—Yes.

4814. And the consequence is that the difference between them and the sale price is what he actually pays to the State?—Yes.

4815. Which amounts on the average to about a rupee a head?—On my calculation it would not cost a man more than half a rupee.

4816. That is the only tax he pays?—Yes; the only one that he pays, either directly or indirectly.

4817. From your knowledge of the country, do you see your way to any other tax which you could possibly levy, which would reach that class of the population?—I am not aware of any.

4818. And in consideration of that tax, the ryot has safety of life and property, and in fact the whole benefits of a civilised government?—Yes.

4819. Mr. *J. B. Smith.*] I understand you to say that you have resided in India for many years?—Yes.

4820. And that during that time you have mixed much with the native population, and therefore are well acquainted with their feelings, and that during all that time you have never heard any complaint of the salt tax?—Never one single word.

4821. But you are aware probably that there are petitions sent from India, from Bombay, for instance, complaining of it?—I never heard of it till I came to England.

4822. But you have heard of these complaints?—In England I have.

4823. From whom are those complaints?—I have not the slightest idea; agitators, I think.

4824. Then you naturally draw the infereuce, as you never heard any complaints, except in England, and never heard any from the natives, that they are satisfied with it?—Quite so.

4825. And that they think it a reasonable impost for the benefit they think they receive from the Government?—I do not believe that they ever think anything at all about it; it never seems to enter their heads.

4826. You have stated that a railway is about to be made from the Sambhur Lake to Agra; I think you say that the present cost and carriage is a rupee per maund?—About that.

4827. And how is it carried?—By camels and bullocks.

4828. What will be the cost of carrying a maund by the railway?—No doubt it will be much cheaper; I think it is two annas per maund a hundred miles; that is not quite four annas for 180 miles; that is less than one quarter.

4829. There would be a reduction of three fourths in the cost of carriage?—Yes.

4830. That would enable the seller of salt to get the same profit from it by selling it at three fourths of a rupee less?—Yes.

4831. And therefore the consumer of the salt would get all that benefit by the cheap conveyance?—Yes.

4832. Do you think that the opening out of the railways has had any effect upon the price of salt?—Already it has reduced the Bombay salt up to Nagpore very considerably.

4833. Do you know how much?—No, but it is beating the salt brought from Sambhur by taking its place. Where Sambhur salt used to be consumed they are now consuming this Bombay salt in consequence of the facility of bringing it up.

4834. But was not salt very dear in the Central Provinces owing to the want of conveyance?—It was very dear formerly.

4835. That was the dearest point in India, was it not?—Yes.

4836. The opening of the Godavery River will reduce the price of salt very considerably, will it not?—No doubt.

4837. Mr. *Lyttelton.*] To what extent is the salt within the customs line manufactured?—It is entirely prohibited, or has been for years; but within the last year I am told that they have been permitted to make it in the district of Jaunpoor, on payment of the tax of three rupees a maund.

4838. Do you know what the result of that experiment has been?—I believe it has been a failure,

failure, and it is going to be given up as far as I can hear.

4839. We may conclude that if the experiment was extended, the manufacture of salt could not be carried on to any great extent?—I cannot tell; I understand that this experiment has not answered.

4840. Can you see any reason why a system of private manufacture of salt, and raising a revenue by excise, should not be profitable to the Government?—For this reason; it would be impossible in the North West Provinces. The salt is scattered over thousands of square miles in small quantities. If it was situated in one spot where it might be guarded, and you could be sure that the duty was paid, you might have an excise as you have on the sea coast; but spread over so many thousand square miles you would require an army to watch it.

4841. Mr. *B. Denison.*] Before you left India, had the policy of equalising the salt duties, with a view to doing away with the necessity of this enormous preventive line, been under consideration?—No, it had not; but the salt from Rajpootana would have free access to our territory, if it were not for the preventive line.

4842. But now, as you are aware, arrangements have been made by which, in lieu of certain money considerations, the Government of India are to obtain complete possession of the manufacture of salt in the Sambhur Lake?—Yes.

4843. From your knowledge of the country, do you think it possible so to arrange the manufacture and sale of salt, as to levy an excise at the point of manufacture, and to do away with the customs line?—Certainly not, for this reason; if the duty was levied at Sambhur Lake, the country between Sambhur Lake and our line is covered over with salt works, and their salt would come into our territory, and supply the place of the other salt altogether.

4844. I do not know whether you have explained to the Committee the way in which the line works; the merchants, as a fact, come to the customs house, either at Delhi or at Agra beforehand and obtain passes for the salt, do they not?—Yes.

4845. Then, any salt passing the line which is not covered by a pass, is liable to confiscation of the article and the loss of the carriage?—Yes.

4846. Have you any returns by which the Committee can ascertain what is the effect of the preventive line; that is to say, what is the amount of property confiscated for smuggling, or the amount of fine inflicted for smuggling?—It is something very trifling now; it is never carried on to any large extent now; only in small quantities.

4847. You mean that penal measures have become almost unknown?—Smuggling has so diminished; it is in very small quantities.

4848. To what do you attribute that; to the greater efficiency of the line?—Certainly.

4849. As a matter of practice, and with a view to checking local manufacture, what do the Customs establishment do; do they leave their line and make visits all over the country north of the line?—No, they are never allowed to leave the line; merely to patrol up and down; they never leave the line on any consideration.

4850. You had a suspicion that an illicit manufacture of salt was going on, from whom would you get the information?—There is an establishment carried on in the interior to look after the illicit manufacture, entirely separate from the line.

4851. Then you have reason to believe that the illicit manufacture of salt is confined within small proportions?—The illicit trade within the customs line is entirely stopped; but the illicit manufacture for private consumption, I imagine, goes on the same as it did.

4852. You mean that where the manufacture does take place, it is for the consumption of the person who makes it, not for the purpose of selling?—Just so.

4853. Were you a collector of customs at any time when there was a partial famine in the North West Provinces?—No.

4854. My object was to ask you, whether in years of great scarcity and famine, the consumption of salt was visibly and materially decreased or not?—I understood that this last year there have been a famine in Rajpootana, and there is a great decrease in the salt trade on account of the bullocks and other animals that convey it having died.

4855. But upon your knowledge of the habits of the people of India, you would say, would you not, that salt being one of the necessaries of life, would be one of the last things that they would discontinue the use of?—Certainly.

4856. Have you ever made any calculation as to what proportion the consumption of salt bears to the cost of life per head in India. Taking the cost of salt at so many pounds for an individual; and at what you have told us is the selling price in the North West Provinces, about eight seers to the rupee, have you ever made a calculation as to what proportion that cost would bear to the expenditure on food generally?—No, I have never made such a calculation.

4857. But it is something very small, is it not?—Very small, I should say. In Madras, and Bombay and Bengal, the consumption is said to be much greater per head along the sea coast; the consumption per head there, must include the expenditure of salt for salting fish; and in the North Western Provinces, the term is used literally, means the salt actually eaten by each individual.

4858. But with reference to the questions that were put to you by the honourable Member for Brighton, I understand you that the cost per annum per head of salt is really so small that it is a matter of imperceptible amount, whether the duty is a thousand per cent. on the produce price, or whether it is two thousand?—Yes; the poorest person does not feel it.

4859. Much in the same way, as it does not much matter to the consumer whether a glass of beer is charged a halfpenny or a penny?—Yes; as I mentioned, not one in a hundred of the people knows that he is subject to the salt-tax.

4860. Have you any information to give to the Committee about saltpetre?—The trade in saltpetre has fallen off considerably in the last six years owing to the improved method of preparing the artificial nitre. I reported for several years that the trade was falling off; ever since Mr. Wilson put on two rupees duty on saltpetre the trade has been falling off; and since they discovered this new method of making the artificial nitre in Europe, the trade has almost disappeared from India.

4861. But there were strong remonstrances made from Calcutta, and other ports of the empire, against raising the export duty on saltpetre,

Mr. *W. Money.*

16 May 1871.

were there not?—Yes, and that has entirely ruined the trade.

4862. The duty I think was abandoned afterwards, but not in time to save the trade?—It was too late.

4863. With reference to these 10,800 servants of the Government employed in this preventive line, in days of turmoil and trouble have they ever been of any use to the Government?—During the Punjab campaign they escorted the guns and ammunition from Delhi up to Ferozpore.

4864. But at a subsequent period were their services offered to the Government for police or military purposes?—During the mutiny there were some hundreds of them employed at Agra in that way.

4865. As a rule the men of the line are drawn from one particular part of India, are they not?—Not now.

4866. The average pay of one of these men is what, four rupees a month?—It has been raised since I left India, and I believe it is five rupees. The wages over India for all descriptions of people have been increased. The articles of food have become much dearer in the last 10 years.

4867. You are distinctly of opinion that no arrangements are practicable by which we could do away with the services of this long line of preventive officers?—It seems really impossible if you wish to raise any revenue from salt.

4868. Mr. *Cave.*] As to the duty on salt coming from the Native states into our own states, that is a customs duty I suppose?—A transit duty.

4869. Merely a transit duty?—Yes.

4870. Then where is the salt going?—Whether it is going from one part of the Native states to another, when it comes to our territory, they collect a transit duty from it.

4871. But if it comes to our own territory, then, I suppose, it remains there till it is consumed?—It does so.

4872. But when it comes to our territory, does it go beyond it to other states, or remain there?—It is consumed on our territory.

4873. Then when it comes from the last Native state to our territory, it ceases to be a transit duty, and in fact becomes a Customs duty?—Yes.

4874. Of the same amount as the excise duty levied in our territory, I suppose?—Yes.

4875. And if it is of the same amount, it is no hardship to the state from which it comes, I suppose?—No.

4876. You say that a native does not do without salt, but an Indian does without almost everything, does he not, when the price rises; is it not the habit of the Indian to cease to use almost every commodity when the price comes to a certain point, take sugar for instance?—I suppose he would leave off sugar.

4877. Is it not the fact, that when sugar reaches a certain price, it comes to this country from India to a great extent, instead of being consumed there?—Yes.

4878. If so, somebody there must leave off the use of it?—Perhaps they do; I do not know that.

4879. That has not come under your knowledge?—No.

4880. What I wanted to bring you to was this, that if that is their habit, you must tax something which is absolutely necessary; otherwise you get no tax at all?—Exactly so.

4881. Do you think that this salt duty interferes with salt being used for other purposes, either for salting fish, or for agricultural purposes?—It is only used for eating in the upper provinces; there are no fisheries, or anything of that kind.

4882. There is no way in which salt could be used except for domestic use?—No, except in the way of medicine, it is very seldom given to cattle in India, except horses.

4883. And you do not think that the tax interferes with that practice being enlarged?—No.

Sir ROBERT NORTH COLLIE HAMILTON, Bart., K.C.B., called in; and Examined.

Sir *R. N. C. Hamilton,* Bart., K.C.B.

4884. *Chairman.*] WILL you be good enough to mention what high offices you have held in India?—I was Commissioner at Agra, afterwards Secretary to Government, North West Provinces, and then Governor General's Agent in Central India, Central India then being all the provinces of Scindia, Holkar, and Rewah, &c.

4885. Were you not a long time at Indore?—Yes, I was resident at Indore, and afterwards became also agent for the Governor General in the Central Provinces; at that time Rewah, Scindia, Holkar, and many of the petty Rajpoot states were under my charge.

4886. And you have given very special attention to the Malwa opium, I think?—Yes; the Malwa opium all went from Indore.

4887. Would you be good enough to explain to the Committee how we raised our revenue from the Malwa opium when you were at Indore?—We had nothing to do with the cultivation; we made no advances; the opium that was intended for exportation was brought in chests about 112 lbs. each; they were brought to the scales at Indore, and paid the duty there; when I first went into Malwa the duty was 200 rupees a chest, but during the time I was there it was raised at my suggestion up to 500, and the export continued.

4888. Now, where is this opium grown; is it entirely in the Holkar States?—No.

4889. Will you specify the district?—There is a great deal grown in Holkar's, and a great deal grown in Scindia's territory; there is a great deal grown in Rutlam; and more or less in every petty state they grow opium.

4890. And is all this opium brought to Indore?—All that was meant for exportation was.

4891. Then what officer levies the duty on the part of the British Government?—The scales were established at Indore, and in former days there was an opium agent; but since my time, at all events, there was never a separate opium agent. There was an establishment there to weigh the opium, and, having paid the duty, it was sealed and had a pass given "to cover" it to Bombay.

4892. Was it directly under the Governor General's agent in Central India?—Yes; the Government levied the 500 rupees, or whatever was the pass duty; and then it was sent from Indore to Bombay, to be delivered over to the opium agent in Bombay for exportation.

4893. I suppose the agent of the Governor General

General at Indore gave the exporter a pass, did he not?—Yes; there was a regular printed pass, which was filled up and signed by myself as the agent of the Governor General, and under that pass the opium went to Bombay.

4894. That cleared the opium all the way to Bombay?—Yes.

4895. Was the opium stopped and examined anywhere on the road?—It was liable to transit duty through Native states, but I made an arrangement with the Native states that they should collect the whole of the duty at one place, at the top of the ghât Mawnpore, and then divide it by a mileage, and whatever the amount of duty was at the end of the year, it was divided amongst the Native states which the opium passed through according to the mileage.

4896. Then from the time that the opium left Indore, had the exporters to show their pass once, or more than once?—On the part of the Government a man went with it in charge from Indore to Bombay; it could not be stopped anywhere, or opened anywhere, but it must be delivered to the opium agent at Bombay.

4897. The opium agent at Bombay, being an officer of the Customs?—Yes; the duty was paid at Indore, and the drug was delivered for exportation at the warehouse.

4898. I think you said that when you were first at Indore, the amount levied by us on the opium was only 200 rupees?—Yes.

4899. But it has since risen very much above that, has it not?—At first the profit did not go to the cultivator at all; the profit was all to the speculators, and after a great deal of correspondence, the Bombay Government assented to raise the price for the pass duty to 300 rupees, and then gradually it went up to 400, and at last it went up to 500 rupees. The original cost of a chest of opium was perhaps not more than 300 rupees, and its selling price in China was 1,200 rupees.

4900. But the duty has been considerably above 500 rupees, has it not?—Just as I left Indore, Lord Canning telegraphed to me to know whether the duty could not be raised to 600 rupees. I said that the duty could be raised to 600 rupees, provided the Bengal Government gave up the monopoly, and had an even duty all over the country; after I left it was raised to 600 and tried to 700, and then it broke down.

4901. But it was tried to 700?—Yes.

4902. And that was found not to answer?—It broke down.

4903. Then it was reduced to 600, and there it has remained ever since, has it not?—I believe it is 600 now.

4904. Is opium grown in large tracts, or here and there, scattered over the country?—The cultivators grow a certain quantity of other produce, grain, for their maintenance; opium is generally grown on advances made to them, which advances go to pay the revenue.

4905. Who make the advances?—Generally agents for Bombay merchants.

4906. Does Holkar, and do the other native princes in whose territory the opium is grown, reap any advantages from it in the shape of a duty?—They levy a duty, but not what they might, if we did not get 600 rupees.

4907. But what duty do they get?—I think Holkar gets eight or 10 rupees a chest.

4908. Do you believe that much of the opium grown in these Native states reaches the sea without passes from us?—No.

4909. You do not think that there is any great amount of smuggling?—No, not much.

Sir R. N. C. Hamilton, Bart., K.C.B.

16 May 1871.

4910. Have you ever heard of smuggling from Damaun on a large scale?—Yes, but that comes from further in, Rajpootana.

4911. Where is the opium that reaches the sea at Damaun grown?—The opium that came down to Damaun, comes from north west of Malwa; I think they established scales somewhere at a separate place, which diverted the opium and allowed two channels to Bombay. As long as there was one channel it could be guarded, but now that it is going round by another channel, I dare say a great deal of smuggling will take place.

4912. You, I think, have always been an advocate of an export duty as against the monopoly?—Yes, I have always advocated an export duty, and I have always advocated the abolition of the monopoly. The proposal which I made to Government was, that the Government should gradually reduce their cultivation and settle the number of chests that should go to Bombay every year, and that Malwa should supply the deficiency. Malwa cannot compete with the Government monopoly.

4913. I think there was a considerable discussion of that question raised by a paper of yours, was there not, in the year 1869, which discussion is contained in papers before the Committee now?—Yes; the cost of a chest of opium to our Government from Malwa in 1862-63, was one and a-half annas per cent., that is about threepence. That is all the expense that the Government went to in receiving the 600 rupees.

4914. The Malwa opium is thought the best, is it not, for the China market?—The juice of the Malwa opium is considered to be the best, but when I was there we had some experiments made. Dr. Murray, who was my surgeon, and I got some opium direct from the poppy-head and made it quite pure, and that was sent to Bombay to be tested by the Chinese. Their answer was, "This opium is too strong; it is too hot." That opium is medicated and prepared for the market, and in China it is mixed a great deal with the Bengal, and makes a saleable opium.

4915. Then the Malwa opium, as at present prepared, is not quite pure, is it?—The pure opium is too strong for them to use.

4916. But is the Malwa opium adulterated with any foreign substance at all?—It is adulterated; it is prepared for the market.

4917. What is it adulterated with?—I could hardly say; with oil and catchu. I do not know what the process of preparing it for the market is, but if it is not made to their taste they will not buy it. A few years ago they adulterated it so much to increase the quantity that they lost the sale.

4918. Is the Bengal opium, as prepared by us at Patna, absolutely the pure juice of the poppy?—It is pure, I should say; but then before it is used it must be adulterated, you may call it. It is medicated, and prepared for the palate.

4919. Before it is used in China, you mean?—Yes.

4920. What do you suppose is the cost of production of a chest of 112 lbs. of opium?—About 300 rupees; 250 perhaps, or from that to 300.

4921. Supposing that we were to lower considerably the duty on Malwa opium, do you think that we should gain a larger revenue by it?—Not if you supply the market from Bengal.

4922. Supposing we adopted your plan, I mean

Sir *R. N. C. Hamilton*, Bart., K.C.B.

16 May 1871.

mean?—I think Malwa would in time produce enough for the China market; it is a very uncertain trade.

4923. And that we should obtain a larger revenue than we do now from opium in all India?—If you gave the China trade entirely up to Malwa, I think Central India would be able to supply it.

4924. Do you think that if we gave up the present Bengal system, and trusted to Malwa alone, we should on the whole receive a larger amount of revenue on account of opium from India; do you think our net receipts would be larger in the year?—Opium takes two or three years before it becomes ready; therefore my proposal to the Government was, that, taking 40,000 or 50,000 chests as the maximum supply which they would send to China, if they reduced the quantity, and announced that they only intended to send 45,000 the next year, or 40,000 the year following, then in that way Malwa would grow opium to supply the deficit; but Malwa could not produce 45,000 chests more in one year.

4925. Do you believe that when your plan was fully carried into effect we should be gainers rather than losers in respect of the revenue?—We should not cultivate it at all then.

4926. I ask whether the Government of India, if it adopted your plan, would receive as large or a larger amount, or a smaller amount, from opium from the whole of India; or whether you advocate the plan independently of financial considerations?—Let me answer that in this way; if you sent 48,000 chests from India, which cost you only one and a-half annas per cent., your would save in the advances you make, and the cost of your own productions a very large sum; and I think that the Malwa opium then would bear a higher rate of duty, 700 or 800 rupees a chest, which would recoup the Government in their revenue.

4927. Then you would answer the question in the affirmative?—Yes, that is giving time for it to be produced.

4928. When your plan was developed, that would be the result, you think?—Yes.

4929. Mr. *J. B. Smith.*] How many years would that take?—I do not suppose that the Government would cease the cultivation under five or six years.

4930. *Chairman.*] Did you advocate that kind of arrangement mainly from financial considerations, or because you thought that the Government was exposed in this country to a certain amount of blame on account of the Bengal system?—I looked upon it in both ways; that Government would not be so great losers, and certainly they would save themselves the odium of being the producers of the poppy.

4931. You say "not so great losers," you admit that they would be losers?—The trade is such a risk.

4932. In short, you would not guarantee that the Indian Government would be as well off one year with another, if it followed the plan which you suggested, as it is now?—If China did not prohibit it altogether.

4933. But putting that consideration out of the question, you would not guarantee that under your new system the Indian Government would, one year with another, receive as much net revenue from opium as now?—No.

4934. Mr. *Cave.*] Is opium a precarious crop?—Yes; one hailstorm will spoil a whole year's cultivation.

4935. Then, of course, it is dangerous to rely upon it for so much revenue?—Yes.

4936. Does Persia make more opium now than it used to do?—I cannot speak for what has happened since I left, but inquiries that I made have lead me to suppose, that in fact the Turkey opium did not sell in the China market; it was not liked; and the Persian opium had not then found its way there in any quantity at all.

4937. It it said, is it not, that Persia opium is equal to the Malwa?—I have no knowledge of that.

4938. I think you have stated that the Malwa opium can get to a port without going through British territory?—The pass duty is paid in the Native state.

4939. But supposing it to get to a port without going through British territory, how could you oblige it to pay duty at all?—If opium came into British territory, it would be confiscated.

4940. But supposing it goes to a port without going through British territory, what hold have you upon it at all?—If it can be shipped without being known, it can be smuggled.

4941. Is there any port to which it can go without going through British territory?—No, the seaboard is all English.

4942. Of course it could not get to Pondicherry, for instance?—It would have to go through English territoy to get to Pondicherry.

4943. And therefore it is impossible that it can get to a port, unless it is smuggled, without paying this duty?—Yes.

4944. The Malwa opium is much more valuable than the Bengal, is it not?—It is a better quality.

4945. And your proposal is to make the Bengal system the same as the Malwa, is it not?—Yes, for the Government to give up the cultivation.

4946. To give up the cultivation and manufacture, and leave it to be done by other people?—Yes, and to levy the same rate of duty.

4947. But if the same rate of duty were levied upon the two, it would throw the Bengal opium out of cultivation, would it not, if it is so much inferior to the Malwa?—No, I do not think it would throw it out of cultivation.

4948. At any rate the Bengal producer would not get the same profit as the Malwa producer does?—It would not sell for such a good price in China.

4949. Does the Bengal opium sell for as much as the Malwa?—I think pretty nearly; it is sold in Calcutta.

4950. I suppose it is eventually sold in China?—Yes, I would not speak with certainty, but I think that the Bombay opium is not very much below the Malwa in price in China.

4951. You think there is not much difference in China between the two, though the Bengal is said to be inferior in quality?—They mix the two.

4952. You think that the price in China, after the system had been altered in Bengal, would be quite sufficient to keep up the cultivation at its present rate?—Supposing the demand continued.

4953. That is supposing the demand was what it is now?—Yes.

4954. You do not think that the Malwa would drive the Bengal out of the field, but rather that one would help the other?—Yes.

4955. Sir *C. Wingfield.*] Is not the opium that is grown in Malwa, grown under advances supplied by Bombay merchants?—Advances are made by an agency from Bombay, I suppose.

4956. I suppose

4956. I suppose an agency on the part of the Bombay merchants?—Yes.

4957. The opium that is grown in Malwa then is all grown under advances?—Yes.

4958. Therefore the production can hardly be said to be perfectly spontaneous on the part of the people; if these advances were not made the opium probably would not be grown?—It is an advantage to the people to grow opium.

4959. But what I mean is, that unless these advances were made, the cultivators would not grow the opium?—That is so; it requires a large establishment, you know, to prepare the opium; they grow small quantities of opium which are collected by different people, and then in the bulk it is sold to the agents.

4960. Therefore their system differs from the system in Bengal, namely in this, does it not, that in Bengal the advances are made by the Government, and in Malwa they are made by private capitalists?—I fancy the Malwa advances are made with reference to the market; the Bengal Government make them with reference to the prospects of revenue.

4961. Still, in either case, advances are made, though by different parties?—Yes.

4962. Then, is it not the case that the cultivation in Malwa is superintended and supervised by the servants of the Native government?—No.

4963. Is not the ground measured, and a register made of the people who cultivate opium, by the Native government?—No, not by the Native government.

4964. The Native functionaries are not employed, then, in supervising the cultivation of opium?—No.

4965. Must not all the opium from Malwa that leaves Malwa for the coast pass through narrow passes, ghâts, where it can easily be watched if necessary?—The opium that is grown in Malwa, that is intended for exportation to China, is made into balls and put into chests, and brought to the scales. There may be smuggling; I do not know about that.

4966. But what I mean is, that you can easily watch all the opium that is grown in Malwa on its passage to Bombay; that is to say, it is not an open country; it must pass through particular roads in a mountainous country; and, on the other hand, the seacoast is accessible from most parts of Bengal; therefore, Bengal opium could reach the sea by rivers, roads, and a variety of ways; so that it would not be so easy to prevent the smuggling of opium from Bengal as it would be from Malwa?—The smuggling would be by the exporter; the cultivator would not smuggle it.

4967. Opium cannot get away from Malwa very well except by one or two passes; whereas it can get away from the interior of Bengal by numerous different routes to the sea, cannot it?—It would require more watching in Bengal, no doubt.

4968. Sir *D. Wedderburn.*] I find that there has been a steady increase in the rate of pass fees during the last 30 years, rising from 125 rupees a chest to 600 and 700 in the year 1862-63; the revenue then culminated, and has since rather diminished: now, may we infer from that, that we have reached the highest limit of taxation or duty at 700 rupees a chest?—Certainly.

4969. In 1862-63, a revenue of 3,242,500 *l.* was collected for a cost of 3,437 *l.*, something like one-tenth per cent., the whole of the opium on which it was collected being grown and consumed on foreign territory; now, does not that seem a very precarious method of raising a very large revenue, and one altogether unprecedented in the history of any country?—The British Government have nothing to do with the cultivating of it.

4970. But I ask you, with regard to the precarious nature of the revenue; we have a revenue collected from a commodity grown in foreign territory, over the growth of which we have no control, and consumed in foreign territory, and over the consumption of which we have no control; now does it not seem likely that we might suddenly find ourselves short, very greatly, in that particular department?—We shall be short any day that China refuses to receive it.

4971. Or, in consequence of any regulation made by the native princes in Central India?—No; the native princes benefit by it, only they do not benefit so much as they would do, if you did not put 600 rupees duty on it; they do not get the proportion that we do.

4972. What margin of profit do you suppose remains for the native princes after what we have taken, which amounts to about an *ad valorem* duty of 50 per cent.?—When those 48,000 or 49,000 chests went through the scales, I think the Holkar estate got 48,000 rupees, they would get about 10 yer cent. on it.

4973. I will take one year as an extreme case; in 1862-63, we netted a revenue of more than three millions, namely, 3,242,000 *l.*; I should like to know if there is any means of estimating what amount the native princes profited in such a year as that?—They profited 10 per cent. on the whole.

4974. They took 10 per cent. of what we got?—Yes.

4975. Is there any large extent of territory in Malwa fitted for the growth of opium, which is not now under opium?—Yes, certainly.

4976. The cultivation could be extended indefinitely, if the demand were greater?—Yes; but it takes three years to get the ground into a state to grow new opium. It requires manuring and high cultivation.

4977. The climate of Malwa and that of Bengal are different, and in some years you have good crops in one country and not in the other, so that it would be expedient to have two sources to depend upon; it would be a great risk if we only had one of those countries to draw our opium from, would it not?—Yes.

4978. Malwa is very subject to droughts; much more so than Bengal, is it not?—Yes.

4979. And therefore the crop in Malwa is a more precarious one than the crop in Bengal?—I do not think that the drought in Malwa would affect the opium.

4980. Mr. *R. Fowler.*] I did not exactly understand your answer to the honourable Member as to what the revenue was which the native princes of Malwa raised from the opium; we raise, I believe, a transit duty of 600 rupees a chest?—Yes.

4981. It was 500 I think you stated when you left India, and it is now 600?—Yes.

4982. But how much a chest is paid to the Native states before it comes into our territories?—The cultivators produce for their own living grain, and the advances that are made to them

Sir *R. N. C. Hamilton*, Bart, K.C.B.

16 May 1871.

for opium are generally paid over for the revenue. If the opium fails, of course the contractor loses, but the cultivator is secured by the opium chiefly for his revenue.

4983. The contractor is a private individual?—Yes.

4984. Then a large proportion of the land of Malwa is taken up in the cultivation of opium, is it not?—Yes, a good deal; a very small quantity of land will produce a very large quantity of opium. It is generally a sort of garden culture immediately round the villages, where they can easily collect it.

4985. What is the effect on the population of the cultivation of opium; do they consume it themselves?—Very little.

4986. It is not used by the population?—A very small quantity is consumed in the country.

4987. Then opium consumers are rare there?—Yes.

4988. Does it affect their health injuriously?—Certainly.

4989. Whether it is either eaten or smoked, it generally produces very serious effects on the health?—Certainly; opium eaters are very soon unfit for any active pursuits. It is very debilitating.

4990. And it shortens their lives?—Yes.

4991. You expressed an opinion that it would be well to substitute a transit duty, for the present system of Government cultivation in Bengal?—The Government monopoly in Bengal gives great encouragement to the cultivator. He has privileges which make him quite ready to cultivate the opium. Of course, those privileges if it were thrown open to the general public would be withdrawn. The opium cultivators crop cannot be attached by anyone but the Government; the Government has the first lien upon it.

4992. I think that it was put to you by the honourable Member just now, that the objection to that was, that it was much more easy to levy a transit duty in Malwa, where the opium must pass through narrow passes, than in Bengal; could not that revenue be guarded by the same number of officials as we have now?—If the system of Bengal was assimilated to that in Malwa, there would be centres to which the opium would be brought. Opium not brought to those centres would be smuggled and liable to confiscation; that which came to the Government depôt, at the scales, would receive a pass and go to the seaboard at once.

4993. We have a considerable staff of officials looking after the present cultivation, I believe; I suppose the expense would not be greater in keeping officials to prevent smuggling?—Certainly not.

4994. Mr. *Dickinson.*] Is there anything to prevent Holkar levying duty on opium?—No, he gets eight rupees a chest for all that passes the scales.

4995. We raise a duty within the limit of the purchasing price in China?—We raise a duty without reference to Holkar or the cultivators.

4996. We levy such a duty as the prevailing prices in China for the time being will allow?—Yes.

4997. Supposing Holkar was to raise 300 rupees a chest, in addition to what he now does, we must reduce our duty 300 rupees a chest, must we not?—It would be a question between him and the Government.

4998. If Holkar were to raise a duty of 300 rupees, that would necessarily involve our reducing ours 300, would it not?—Or his being made to give way; he would not be consulted.

4999. We should, in fact, prevent his levying any duty that would interfere with our revenue. We should take care that all the revenue from opium comes to our exchequer?—That we should not be losers.

5000. There is no existing treaty or anything of that kind which prevents Holkar from levying a higher duty?—No; but a treaty might be construed into that, perhaps.

5001. Mr. *Beach.*] The cultivation in Malwa is profitable to the cultivator after the advance has been made?—Certainly, the cultivator agrees before he takes it that the person who makes the advances shall pay the revenue.

5002. Does he make fair profit, himself, in addition?—Yes; but his great security is, that the revenue is paid.

5003. But there are plenty ready to come forward and engage in cultivating it?—Yes.

5004. From the information which you have received, do you think that they are cultivating it to a much larger extent than China?—At one time, you know, it was prohibited entirely; and now it is prohibited, I believe, to this extent, at least according to the last accounts I have, that any person growing opium would have his head cut off. But no heads have been cut off, and the opium growing has been greatly increased.

5005. Do you think that it will materially interfere with the export from India?—The quality of the drug in China is said not to be good. It will all depend upon the quality of the drug. If they can cultivate it up, of course, if they can supply their own demand they will not want the opium from India.

5006. But being novices in the art of cultivating it possibly, it may not be so valuable at present?—They are novices, and they are novices with the dread of being punished.

5007. I wanted to elicit whether you thought the cultivation of the poppy in China was likely to render that source of revenue in India essentially precarious?—If the Government allowed it in China, it would interfere with it very seriously, provided it were good opium. Opium, is as necessary in China as spirits are in Europe.

5008. Mr. *J. B. Smith.*] As far as I understand you, you recommend that the Government should abandon the cultivation of opium in Bengal, and should confine itself to supplies from Malwa?—My recommendation is that Government should withdraw from the cultivation and throw it open to the public, to anybody who chose to cultivate it.

5009. You do not mean by that, that they should confine themselves to the supply from Malwa?—No; if anybody will grow it in Bengal let him.

5010. And have you reason to think that it can be grown in Bengal on the same principles on which it is grown in Malwa?—That depends entirely on whether anyone will grow it; the Government have an unlimited power of making advances; but whether merchants would do so is another question.

5011. But as India depends so much for its revenue on opium, would it be wise for the Government to run any risk of that kind?—I should think it would be wise in the Government to increase the cultivation in Malwa, where it costs them nothing.

5012. Do

5012. Do you think it would be politic to confine yourself to one source of supply?—But I do not think the supply would be limited to one source; if it is profitable, the people in Bengal would grow it. If the mercantile community were to find it profitable to make advances to grow opium in Bengal, they would grow it; if it is not profitable, they will not grow it; now, the Government grow it entirely.

5013. You think if it were thrown open in that way, the Government would run no risk of failing to get as good and large a supply of opium as it does at present?—The question is, whether there would be the same desire to get it there, or whether they would go to other places to get it.

5014. But is not that a most important consideration for the Government?—As long as they depend upon opium for their revenue, they must get it the best way they can.

5015. But they do depend upon it to a very large amount?—Yes.

5016. Would there not be danger in the Government making any alteration which might interfere with the supply of it?—My proposal was that they should gradually withdraw, and of course if they found that in gradually withdrawing they could not keep up the supply required for China, they would not withdraw entirely, but would go on with their own cultivation.

5017. Have you any idea whether the Government could do without the revenue from opium; it is an absolute necessity to them, is it not?—Yes, they must have the revenue.

5018. Mr. *Lyttelton.*] Did I rightly understand you to say, that the only deduction to be made from the 600 rupees a chest, was 1½ per cent., or only nine rupees a chest for all charges?—The total charges according to this return are these; the cost of collection in 1862–63, was one anna and a-half.

5019. So that 591 rupees a chest represents the net revenue per chest to the Government?—Yes.

5020. But do you maintain, even taking that large sum to be correct, that the Malwa system is more profitable than the Bengal monopoly?—The Malwa opium in Bombay depends entirely upon what it will sell for in China, and the China market is affected a good deal by the supply from Bengal.

5021. What the Government make is 591 rupees per chest, and the Government then have done with it?—Yes, the Government get 599 rupees a chest.

5022. But, taking Sir Cecil Beadon's figures, even that large sum is 200 rupees a chest less than what the Government receive on average years per chest in Bengal. Sir Cecil Beadon's computation is this, that assuming Bengal opium sells for 1,200 rupees, and the cost of production of a chest of opium is only 400 rupees, Government makes a profit of 800 rupees?—I do not know what the basis of the calculations of the expenses is in that case.

5023. But have you gone into the question as to the relative financial advantage to the Government of the two systems?—I do not know whether interest on money is calculated, for instance.

5024. But on the face of it, the Bengal system is more profitable?—On the face of it it is 200 rupees better.

5025. Mr. *Crawford.*] Do you recollect the time when they used to send the opium through the Desert to Kurrachee?—Yes.

5026. And it was taken from Kurrachee down to Damaun, the Portuguese settlement?—Yes.

5027. And that trade was put a stop to when the pass duty in Bombay was raised from 125 rupees to a higher sum?—Yes.

5028. And it was the object at the time of raising the duty to stop that trade from which the Bombay Government received no revenue?—Yes.

5029. It was stated a day or two ago, that as much as 15,000 chests of opium were now exported from Damaun; do you believe that to be the case?—I do not know now; but it was not the case 10 years ago.

5030. Is there any way by which the opium can get to Damaun?—Not that I am aware of.

5031. It comes from Malwa to Bombay by railway, mostly now, does it not?—It comes to the point of the railway nearest to Malwa, and then on to Bombay.

5032. And it was stated, also, that the advances made to the cultivators in Malwa are made by people in Bombay. You recollect, I dare say, the names of Huttosing, Kissrising, and Motichund Amichund, old Ahmedabad, bankers; I suspect that it was their money in a great degree, that was advanced to the cultivators?—It is called the Bombay Merchants, but I fancy that some of the principal merchants in Malwa make the advances.

5033. There was a great deal more money in Malwa available for those purposes than there was available for the purpose in Bombay?—Yes.

5034. And very wealthy people indeed, people who had banking establishments in every town, nearly in the centre and north of India?—Yes.

5035. *Chairman.*] You have never been employed in the opium-growing parts of Bengal proper, have you?—Not latterly; I was at Gazeepore for some time.

5036. You know nothing of your own knowledge of the difficulties that there might be in the way of introducing into the Bengal Provinces, Bengal and Behar, the system which you yourself have seen at work in Malwa?—No; I have not for many years been there.

5037. You speak from the results of long reading, and what you have heard, not from your own knowledge?—No.

Friday, 19th May 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Sir James Elphinstone.
Sir Thomas Bazley.	Mr. Fawcett.
Mr. Beach.	Mr. Robert Fowler.
Mr. Birley.	Mr. Hermon.
Mr. Bourke.	Sir Wilfrid Lawson.
Mr. Cave.	Mr. Lyttelton.
Mr. Crawford.	Mr. M'Clure.
Mr. Beckett Denison.	Mr. J. B. Smith.
Mr. Dickinson.	Sir David Wedderburn.
Mr. Grant Duff.	Sir Charles Wingfield.
Mr. Eastwick.	

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. GEORGE SMITH, LL.D., called in; and Examined.

Mr. *G. Smith*, LL.D.

19 May 1871.

5038. *Chairman.*] HAVE you resided long in Bengal?—About 17 years.

5039. In what part chiefly?—Chiefly in Calcutta and the neighbourhood.

5040. You have been engaged in literature there, I think?—I have been engaged in journalism there, and also in educational work.

5041. Have you had any opportunity of informing yourself of the state of the opium cultivation in Bengal?—I have visited the factory at Patna and the poppy fields of Shahabad, and have also spent some time at Indore, watching the different system of cultivation and manufacture which obtains there.

5042. Did you investigate it for any specific object, or for your own information?—In 1862 charges were brought in the public newspapers against the opium establishments in Bengal; and in order to inform myself on the subject, I visited both Patna and Indore in the years 1863 and 1864.

5043. Can you state generally, without going into details, the character of those charges?—They were chiefly charges of oppression and corruption against the native establishment in Patna, and also of carelessness on the part of their European superintendents.

5044. Will you be good enough to state what was the result of your investigations, or what information you obtained in the course of your investigations?—I came to the conclusion that the charges were grossly exaggerated; but that, nevertheless, there was a sufficient basis of truth, as admitted by the Lieutenant Governor, to lead the Government to consider the question whether the excise system of Bombay would not be preferable, on all grounds, to the monopoly of Bengal.

5045. In what way would you work out the excise system of Bombay in Bengal?—It would be easy to introduce the excise system into Bengal district by district, so that as private cultivators were licensed in one district, where the poppy is now cultivated, the Government should abstain from working its own monopoly. Should the experiment be successful, Government might gradually retire from the monopoly, and the revenue would not suffer at all, or only temporarily.

5046. Then would you have allowed the cultivator to make his own opium, and sell it on payment of a fixed duty per pound?—To sell it only to licensed traders under a somewhat heavier acreage tax than already prevails in the Punjab.

5047. You would not levy the duty on the opium, but on the acreage of cultivation?—Upon both. The cultivator would pay the duty on acreage, and the licensed trader or manufacturer would pay a heavy duty to the Government on the manufactured article.

5048. But would not that have the effect of imposing upon the cultivator the necessity of obtaining considerably more capital than he now employs in the cultivation?—The licensed trader would undoubtedly be forced to pursue the present system of Government, and of almost all agricultural capitalists, in making advances to the cultivators.

5049. Unless that were done the cultivator would hardly be able to keep on his cultivation and pay the duty as well as his own rent?—It would be impossible for the cultivator to carry on the cultivation without advances, whether in opium or in indigo, or in almost any other agricultural product.

5050. Then do you propose that the Government should superintend the factories in which the opium was made, to prevent any smuggling by the person who received the raw material from the cultivator?—Only in the way in which distilleries in this country are superintended by the excise department.

5051. Would you allow the manufacturer to transmit his own opium to any place which he pleased for sale?—Certainly, outside of India, under passes such as exist in Bombay.

5052. That is to say, he paying a certain duty on the spot when he sent it out of his factory?—Yes.

5053. And in what respect do you think the community would be benefited by that change of system?—The community, I think, would be benefited morally and financially. Morally, in fact, and in the eyes of the natives and of many non-official Europeans in India, the whole responsibility of the growth and manufacture and consumption of opium falls upon the Government of India, and, as such, upon the people of England

land, and so far brings the Government into disrepute. The Government is exactly in the same position as the Chancellor of the Exchequer would be in this country if he were to organise and manage a monopoly of distillation. Financially, under the monopoly, the Government is exposed to all the risks of the trader in a trade which it cannot understand; and hence the precarious character of the opium revenue, and the frequent deficits, as shown by the fluctuations of that revenue, contrasted with the finance minister's annual estimates. As a matter of political economy the law of supply and demand would then have fair play in opium as well as in almost all other productions in India, and the Government would be able to calculate on as almost certain a revenue as they do in the case of the customs.

5054. You think that if the Government took a fixed duty the ordinary rules of the market would regulate the supply, and practically the Government would have a uniform receipt?—Quite so; at the same time the control of the area of cultivation would remain entirely in the hands of Government as at present, certain districts being reserved for the cultivation of the poppy.

5055. But do you find that that view which you have stated is borne out by the produce of opium in Malwa where the Government does not cultivate?—When I went to Indore I came to the conclusion that the experience of the Government in Malwa was in favour of the excise system. In the year 1865-66 Malwa opium contributed 2,128,000 *l.* net to the revenue, with no outlay save 3,258 *l.* In the same year the Bengal monopoly yielded 4,499,000 *l.* net, but expended 1,891,000 *l.* The one was 2,131,258 *l.* gross, and the other was 6,390,000 *l.*

5056. But with regard to the uniform result as affecting the Budget, do you find that any uniformity has resulted from the Malwa system of levying a fixed transit duty?—It is impossible that the Malwa system should have fair play so long as it is sacrificed to and checked by the monopoly.

5057. Did you ascertain that the quantities grown in Malwa from year to year were based upon the operations, or supposed operations, of the Government in Bengal?—The quantity sent forward to the scales, practically, varies according to the pass-duty exacted, and that pass-duty, which rose at one time as high as 700 rupees a chest, is avowedly imposed as equal to the monopoly price of opium in Bengal.

5058. But from what figures do you derive your view, that the quantity was regulated by the pass-duty in Malwa; have you any figures there that would lead you to that conclusion?—It would be possible to bring that conclusion out of the figures.

5059. I will read you some of the figures. In 1857-58 the duty was 400 rupees a chest, and the produce was 36,000 chests. In 1858 the duty was the same, and the produce was 40,000 chests. In 1859 the duty was increased by 100 rupees, namely, to 500, and the produce was 32,000 chests. In 1860 it was raised to 600 rupees, and the produce was 43,000 chests. In 1861 the duty was raised to 700 rupees, and the produce was 38,000 chests. In 1862 the duty was 700 rupees a chest, and 600 rupees part of the time, and the produce was 49,000 chests; and in 1863 the duty remained at 600 rupees a chest, and the produce was 28,000 chests; do you think that from that it would be easy to build up anything of the ratios of duty and produce?—Probably not. The way to put it would be this: both Malwa and Bengal opium are exposed to unknown conditions in China; but Malwa opium is free from certain risks to which Bengal opium is specially exposed, as being a cultivation and manufacture, and a trade conducted by Bengal civilians, who are necessarily ignorant of the whole question.

5060. When you pursued your inquiry into the Malwa opium produce, did you ascertain on what principle the cultivation of the opium from year to year was started in Malwa, who started it, or who set the thing agoing?—Bankers, who would be equivalent to the licensed traders, who would probably arise in Bengal were the monopoly abolished.

5061. Do the bankers send for the cultivators and invite them to cultivate, or do the cultivators go to the bankers and say "We should like to cultivate, give us an advance"?—Large dealers work through the village bankers as middlemen, who use their influence with the cultivators to give up so much soil to the poppy, and receive the produce from them at the proper time.

5062. Then do you think that the brokers, or intermediary agents, are the stimulators of the operation from year to year?—To some extent; but to a great extent the price. The cultivation is undoubtedly profitable.

5063. Then the broker, judging by the price of opium in Bombay, I presume, sets the people in motion; that is to say, the intermediate agent between the banker and the cultivator?—Quite so; but to a great extent, both in Malwa and in Bengal, the trade is one of pure speculation.

5064. If that be so, would not the speculation be carried on to a considerable extent irrespective of the rate of duty levied by the Government, but upon considerations of price, assuming the duty to be such as not to prevent the cultivation being remunerative?—It is so in Bombay, on the part of the purchasers and exporters of the chests.

5065. But would it not be so on the part of the growers?—I think not.

5066. What I am anxious to ascertain from you is, what is the motive for growing, or what are the circumstances which influence the growing of more or less opium in Malwa, where we see that it fluctuates so much from year to year?—The soil is less favourable, and cultivation is continued long and is very profitable.

5067. But did you ascertain what were the motives which led to the increase or decrease of cultivation between one year and another?—Not beyond the influence of climate, the want of rain, and so on.

5068. Did you find much difference between the social condition of the cultivators in Malwa and that of the cultivators in Bengal?—Very little, the cultivators in Malwa being residents in native states, and therefore liable at any moment to an increase of rent or of land assessment.

5069. Did you find whether they were the owners of the land that they cultivated, liable only to pay the assessment, or whether they were mere tenants from year to year?—Generally tenants; but I was there in the year 1864, before the great cotton wealth affected the agricultural population of Western India and Central India.

5070. Then these persons being merely tenants, was there some middleman between them and the

Mr. *G. Smith*, LL.D.

19 May 1871.

the native government with regard to the land revenue?—Generally they may be said to be peasant cultivators in the part of Malwa through which I passed, holding direct from the agents of Holkar, who has lately introduced a survey and settlement of the land upon our own system.

5071. But at the time that you were there, were these peasant proprietors settled with for the revenue for a year only, or for several years?—For no fixed time; at the will of Holkar.

5072. Did you ascertain what was the rate of assessment to which they were liable?—Not at that time, but since then very serious complaints have been sent up to Government, because Holkar, avowedly imitating our policy, has rack-rented the peasantry by increasing the revenue of that period some 45 per cent.

5073. In what respect do you mean, imitating our policy of rack-renting?—Imitating our policy of the periodical increase of the land revenue, not as to the degree to which the increase is put on.

5074. That is to say, he made a new settlement, but he rack-rented instead of taking half?—Quite so.

5075. Do you consider that an imitation of the policy of the British Government, or the reverse?—It is an imitation of the policy of the British Government as to the periodical revision of land revenue, but not as to the proportion that is exacted.

5076. Sir *D. Wedderburn.*] The poppy of Malwa is quite a distinct variety from the Bengal poppy, and I fancy that the soil and climate of Malwa are also very different, which may account for the superior quality of the Malwa opium, may it not?—All that is so, and the manufacture is different.

5077. And are you aware that while the strength of the Bengal opium, as sold at the Government factories, is 70 per cent., that of the Malwa, we have been informed by a previous witness, is 90 per cent.?—I believe that to be so; the moisture being greater in the one case than in the other.

5078. But in China, whereas the chest of Malwa opium is subjected to careful analysis before purchase is concluded, the chest of Bengal opium with the Government brand is purchased at once, without further inquiry, so great is the confidence of the Chinese merchants in the purity of the Bengal article; are you aware that that is the case?—I was always under the impression that the chest of Malwa opium, which is also carefully examined by the Government officers at Indore, when the duty is exacted, was received in China with as much confidence as the Bengal opium.

5079. The reverse is stated in a Government document which was placed in our hands a few days ago. Do you think that if the two countries were placed on exactly the same footing, Bengal could compete with Malwa in the growth of the poppy?—Certainly, but compete in the same sense in which cigars of different growths and flavours compete with each other.

5080. You said that if such a system as you suggested were adopted, you thought that the revenue, instead of being very fluctuating, would become more certain, or quite certain. Do not you think that there are causes affecting the opium revenue over which no system that we adopt can exercise any control whatever, and that it must in its nature be of a fluctuating and uncertain nature?—I do not think that there are causes which should make it fluctuate more than any other great article on which customs duty is paid.

4081. Is it not the case that the crop is very uncertain in amount, and that a heavy shower of rain during the harvest will pretty nearly destroy the crop in one locality?—Were the trade entirely in the hands of skilled private capitalists it would be easy to draw an average of years, and to foresee what the revenue is likely to be for a period of years to a much greater extent than it is where you have a monopoly conducted by officials, who avowedly have no knowledge of the subject.

4082. You said that the area of cultivation under such a system would still be under the control of the Government. I should like to have that explained, because it seems to me that it would be retaining a monopoly to a certain extent if you retain the power of limiting the area of cultivation?—The area of cultivation would be necessarily restricted for excise purposes. Just as there are distilleries, so there would be licensed factories to which the crude opium would be brought, as at present, but these factories would be the property of the licensed traders, who would pay whatever duty the Government might think fit to exact.

5083. And in whose hands would be left the discretion as to limiting the area of cultivation?—It might be left to the new agricultural department, or the existing abkari department.

5084. Would not they be liable to the same objection, of ignorance of the details of the opium trade, which the present superintendents are liable to?—They would act on the application of the licensed traders very much as the justices act in this country on the application of publicans.

5085. With regard to Holkar, can you explain how it is that while he is rack-renting his people in the way that you describe, he consents to our monopolising what we are told is equal to 9-10ths of the opium revenue from his territories?—We made an agreement with Halkar in the year 1826, and with all the other states in Malwa, securing to the British Government the exclusive right to purchase opium grown in Malwa. At that time the monopoly existed in Malwa exactly as it does in Bengal now, but it led to such serious evils, and to such extensive smuggling, that the present system was adopted.

5086. You gave us some figures just now illustrating the relative expenses of collection under the two systems in some recent years. Now, I find, on the average of a number of years previous to the date which you gave, that the total expense of collecting the Bengal opium amounted to about 10 per cent. as near as possible on the total outlay; can you explain how it is that the per-centage of outlay seems to have increased of late years, because by your figures it has very considerably increased?—Does the 10 per cent. refer to the cost of establishments, or to the advances given to the peasantry, or to both.

5087. It refers to cost of establishments, transport, and all the money actually spent in collecting, but does not include advances?—I have ascertained that in the year 1867–68 the actual cost of the opium, apart from the advances, was 361,000*l.*, which should be set against the 3,000*l.* or 4,000*l.*, which is the cost to the British Government of the opium establishments in Malwa. This cost in Bengal does not include the very large

large sums sunk in buildings, and annually spent upon repairs by the Public Works Department.

5088. And have you any reason to think that, supposing the monopoly were abolished, we could by any preventive or excise system collect your revenue for the trifling per-centage for which we have hitherto been able to collect the revenue on Malwa opium?—It could be collected, I believe, without any serious addition to the cost of the present abkari department.

5089. Are not the facilities for smuggling very much greater in Bengal than they are in Malwa?—Very much, and hence an argument for the Malwa system. I had reason to ascertain last year from the detective police in Calcutta, that the smuggling has become so very serious, as to induce the Bengal Government to appoint a special body of police for the purpose of prevention. Smuggled opium comes down from the upper provinces partly in boats, which are covered with onions, in order to destroy the smell, and hide of course the article; but to a much greater extent by railway in the folds of the clothing of the native agents of the bazaar merchants who pursue the trade in Calcutta.

5090. From the Upper Provinces?—That is to say Behar and Benares.

5091. From the districts where it is cultivated under the Government system?—From the opium districts.

5092. And do you consider that under an excise system it would be easier to prevent such smuggling than it is under the present system?—It would be absolutely preventible. The self-interest of the licensed trader acting on the self-interest of the cultivator, would produce the same absence of fraud that we meet with in other transactions of the same kind. Where Government is the manufacturer and owner, and works through a large body of unprincipled native agents, the fraud is very extensive. The fraud has been confessed to officially by the most intelligent of the opium agents. When under examination before the Indigo Commission of 1860, Mr. C. Hollings, sub-deputy opium agent, admits that, in spite of the severe contract law, Act 13 of 1857, and the occasional distraint of property to meet bad balances, it is impossible to be sure that the cultivators make over the whole of the opium which they prepare from the poppy.

5093. Mr. *R. Fowler.*] Do you know the native opinion as to the working of the excise duty?—The excise system on both liquors and drugs in India is so unpopular with the natives, both educated and uneducated, that it forms a frequent subject of discussion in the native newspapers and debating societies. Some of the ablest of the educated natives, and especially of the absentee zemindars of Bengal, who reside in Calcutta, have fallen victims to drunkenness to such an extent that efforts have been made by the natives themselves to establish total abstinence societies; and native literature is full of pamphlets and dramas illustrating the evils of drunkenness.

5094. How would you check the evil?—In two ways; by largely increasing the duty upon all indigenous and some imported liquor, and by reforming the system of giving licences. The duty on liquor imported was doubled by Lord Canning in 1859, as a financial measure, and with perfect success. Since then the proportion of the rise of prices alone would justify a large increase, and the necessities of the State demand it as a financial measure. Such an increase would be most popular with the natives. As to the licensing system, it works at present in the following way: The excise department is nominally under the superintendence of the covenanted collector of each district, but is practically left to an uncovenanted deputy collector, who may be a native. The Board of Revenue, in Bengal at least, with which I am best acquainted, in its annual reports, holds up to public censure those collectors and deputy collectors in whose districts there may have been a falling off, or where there has been no proportionate increase of the excise revenue; and thus from the head of the district department to the lowest native underling, it is the interest of the excise officials to establish shops wherever they can.

5095. Could the duty be increased without risk of smuggling?—Certainly; to an extent which would not hold true of this country, or of any European country, because, both by creed and by climate, the Hindu and the Mahometan are forbidden to indulge in intoxicating liquor; and the whole public opinion of the natives of India would be in favour of much more repressive measures than might be justifiable.

5096. How would you improve the licensing system?—By uniting with the excise officer the town municipalities wherever they exist; and where they do not exist, a committee of the most respectable inhabitants of the town or district. The present system of licensing is objected to, not only by the mass of the people, but by the police, who find it the greatest promoter of crime. To such an extent was this the case in Calcutta, that some years ago the commissioner of police in vain urged the local government to give him co-ordinate power with the excise authorities in granting licenses.

5097. Does the excise department promote the consumption of opium in India as zealously as that of alcohol?—In the Indo-Chinese districts of British Burmah, the action of the department in promoting the sale of opium has long been a public scandal. The evil has been officially reported to the Government of India by the late Chief Commissioner, Sir Arthur Phayre; and in a published official report by Mr. Wheeler, secretary to the present Chief Commissioner, the evil is again described for the information of Government in the following language: "Mr. Hind, assistant commissioner, came on board. This gentleman appears to have a large local experience of Aracan, dating back from 1835. The principal object of his conversation was to impress me with the demoralising effect of the Bengal abkari laws upon the impulsive pleasure-loving people of Burmah; and certainly he furnished sufficient data to prove the utter fallacy of the general conclusion, that what is good for India is good for Burmah. Prior to the introduction of British rule into Aracan, the punishment for using opium was death. The people were hard-working, sober, and simple-minded. Unfortunately one of the earliest measures in our administration was the introduction of the abkari rules by the Bengal Board of Revenue. Mr. Hind, who had passed the greater part of his long life amongst the people of Aracan, described the progress of demoralisation. Organised efforts were made by Bengal agents to introduce the use of the drug, and to create a taste for it amongst the rising generation. The general plan was to open a shop with a few cakes of opium,

Mr. *G. Smith*, LL.D.

19 May 1871.

opium, and to invite the young men in and distribute it gratuitously. Then when the taste was established, the opium was sold at a low rate. Finally, as it spread throughout the neighbourhood, the price was raised, and large profits ensued. Sir Arthur Phayre's account of the demoralisation of Aracan by the Bengal abkari rules is very graphic, but Mr. Hind's statements were more striking, as he entered more into detail. He saw a fine healthy generation of strong men succeeded by a rising generation of haggard opium smokers and eaters, who indulged to such an extent that their mental and physical powers were alike wasted. Then followed a fearful increase in gambling and dacoity."

5098. What is the date of that?—It happened in 1870, and this pamphlet is published by the Government of India in 1871. I should add that in matters of excise, and of opium, the Bengal Board of Revenue has influence beyond the jurisdiction of Bengal proper, and is not directly controlled by the Government of India.

5099. Are you aware how long the subject of converting the monopoly into an excise system has been under discussion by the Government of India?—It was discussed first about 1825 with reference to Malwa opium; and Colonel Sutherland, then the distinguished Resident at Indore, stated that at that time the Government "avoided the agency of the most distinguished of their servants, Sir David Ochterlony and Sir Charles Metcalfe, whose opinions were known to be adverse to the system, and went to work either through the medium of the opium agent who had been established in Malwa and Rajpootana, or directly with the local agents at the several courts." But the result was "a sort of civil war," and the abolition of the monopoly in Malwa. In 1856 the North Western Provinces Board of Revenue, seeing the evils of the monopoly system in their jurisdiction, referred to Sir Robert Hamilton, then Resident at Indore, for information as to the working of the Bombay excise system. The papers were destroyed in the Mutiny, and a second reference was made in 1858, when Sir Robert Hamilton gave a still stronger opinion in favour of the excise system. The discussion went on with the Government till 1863, when Sir Charles Trevelyan was finance minister. He became a strong convert to the excise system, and the whole subject was ripe for being sent home to the Secretary of State in Council, with the favourable opinion of Lord Lawrence's government, when Lord Lawrence's term of office expired. Since that time I am not aware that the discussion has been advanced.

5100. What are the objections to the monopoly system which do not apply to the excise system?—I have already partly answered that question. There is the moral objection that the monopoly makes Government as responsible in the eyes of the natives as Russia was for the brandy manufacture, and as England would be if the Chancellor of the Exchequer were the sole producer of malt, and the sole distiller. There is the economic objection that the law of supply and demand is violated, and a most delicate trade is conducted by officials necessarily ignorant of all commercial questions and operations. There is the financial argument that the precariousness of the revenue would be greatly reduced, if not removed, by giving to opium the same certainty as the customs revenue. If Government at present gets the traders' profits, which is confessedly the only argument for the monopoly, that is more than counterbalanced by its suffering the traders' risks. Then, too, the excessive cost of the opium establishment would be saved.

5101. Are there any abuses in the practical working of the monopoly?—The examination by the Indigo Commission in 1860, and the Lieutenant Governor's inquiry in 1862, showed that the cultivation is protected by a severe contract law denied to all other products, and frequently put into operation in the shape of distraint of property. Then, too, smuggling is excessive. Again, official pressure is avowedly used to extend the cultivation. Mr. Hollings informed the Indigo Commission that "all the members of the department are constantly engaged in using their best endeavours to extend the cultivation, with the consent of the parties engaging, and everything in the way of fair inducement and persuasion is not only permitted, but encouraged." The cultivator suffers, on the one hand, from the landlord, who increases his rent, at which the law winks, being "practically obsolete," according to the statement of Mr. Hollings; on the other hand, from the middle-man, to whom he has to pay what is called khurch (expenses) every time that the middle-man visits the head factory; from the interference of the native officials, who dictate what crops the cultivator shall put in the ground when the poppy has been cut; and from the presents which are confessedly made by the cultivators to the native underlings of the opium establishment.

5102. Mr. *B. Denison.*] To what middleman do you refer?—The kattadar.

5103. Mr. *R. Fowler.*] Does the poppy displace grain crops?—There have been two serious instances of that within the last few years. In Malwa when the people of northern Rajpootana streamed down to avoid the famine they found no food, because Malwa is a food-importing district, being so largely devoted to the poppy; and thousands perished from starvation along the high road on their return to their own districts. This has occurred in Western India in the case of every great famine. In the Bengal famine of 1866, Mr. Cockerell, the official commissioner of inquiry, reported to Lord Lawrence's Government the case of the poppy cultivators in Sarun, whose crop had been destroyed by hail, but who nevertheless were so refused by the opium officials remission of their small balances, that their landlords followed the example, and a considerable loss of life and very great suffering was the result.

5104. Mr. *B. Denison.*] What do you mean by paying up the balances?—The advances from the Government.

5105. Mr. *R. Fowler.*] Is the cultivation of the poppy still being extended widely in new districts?—The cultivation is being very largely extended owing to the fear of competition in China; Government has adopted the policy urged by Mr. Wilson in 1860, of producing a large quantity of opium and selling it a low rate in order to save the revenue. The extension of the cultivation in totally new districts in the North Western Provinces and Oude has called forth serious complaints from some of the high officials there who have not been consulted, and who are opposed to the extension as interfering with food crops and the contentment of the people.

5106. Is not the effect of the system of advances to keep the ryot in debt to the Government

ment and therefore to prevent him from acting as a free agent?—Not much more so than if a private capitalist made advances. The evil of the system lies in the poverty and ignorance of the people. Both Government and the capitalist would be delighted to get rid of the necessity of making advances were it possible.

5107. If a ryot owing money to the Government wished to cultivate some other crops than opium, would any obstacle be placed in the way of his doing so?—Practically he would be influenced or prevented by the native officials of the department.

5108. Does the Government price paid to the ryot represent his actual profit on the transaction?—Not the whole of his profit, because he is allowed to put in light crops when the poppy has been cut.

5109. Is it not true that although the kattadar, who acts as middle-man between the Government and the ryot, is nominally chosen by the landlord, yet, as a matter of experience, he is appointed by the Government?—Practically, I believe it has been so.

5110. Is it true that the business of the kattadar is to undertake the oversight of the whole katta (or opium section), to make good defalcations or failure crops arising from neglect, to prevent contraband sales, and to provide tenants who will take the place of absentees?—That seems to be a fair description of his actual duties.

5111. Is it true that the only compensation he receives is 1 rupee for every maund of opium?—I cannot tell that; he receives considerable compensation from the cultivators.

5112. Have you ever heard of illegal exactions levied on the ryots by the kattadars?—It was admitted by the opium officials before the Indigo Commission of 1860 that such exactions are common, but they cannot be prevented.

5113. I believe some years ago difficulties arose with the opium ryots, which led to their receiving better prices for their crops?—That was in 1858–59. The difficulty was so serious that the Government called upon the opium agents and the deputies for confidential reports. As a specimen of these reports, I may quote two lines from Mr. A. H. Turnbull, sub-deputy opium agent in Cawnpore, to the Benares opium agent at Ghazeepore. He writes on the 17th of August 1859: "I beg to inform you that the cultivators are deriving larger profits at present from grain than from opium; *vide* statement annexed." The result was that the price paid by the Government was raised from 3 rupees 4 annas to 3 rupees 8 annas a beegah, and subsequently higher.

5114. Have those prices given satisfaction since that time?—I believe so.

5115. Has your attention been called to the case mentioned by Sir William Muir, in which cultivators in the country west of the Jumna, "an unwilling peasantry," as he calls them, were induced to cultivate the drug by the bait of large advances, although previously it had never been grown in those districts?—I have heard of such cases, but the only similar case that I know of occurred on the introduction of the poppy cultivation into Oude after annexation, when the people refused to take the advances.

5116. Is it true that the public sales of opium by the Government have led to an enormous amount of gambling, and to the ruin of many mercantile houses?—It is true in one sense; but the Jews and Moguls, who chiefly engage in the trade in Calcutta, are such large capitalists that they can afford to set the losses of one year against the gains of another. The auction sales in Calcutta have hitherto been one of the great sights of that city, from the excitement, almost amounting to tumult, which attends them.

Mr. *G. Smith.* LL.D. 19 May 1871.

5117. Is it not true that a vast amount of litigation has arisen out of opium time bargains?—Not recently in Calcutta. Such bargains are generally settled out of court; but I believe that that has been the case in Bombay, but not to such an extent as with cotton and other products.

5118. Is there any foundation for the statement made by a Bombay journal, that the trade in opium is systematically, and, on conscientious grounds, avoided by a greater or less number of native gentlemen?—I cannot speak for native gentlemen, but it is so with more than one English merchant of Calcutta, who has refused to touch the trade.

5119. You alluded to the demoralisation produced in Burmah; is it not the fact, that the English Government have discouraged the use of opium among our subjects in India?—Only in Assam, and that chiefly from both financial reasons. The cultivation in Assam was free, so that it was impossible to sell our own opium there. On the other hand, the consumption was so universal, from the infant upwards, that the people would not work, and it was found necessary and just to increase the land revenue and stop the free cultivation of the poppy. Since that time the consumption of opium in Assam has diminished, a considerable revenue has been given to the opium department, and the land revenue has been largely increased.

5120. What is your opinion of the result of the consumption of opium on the physical and moral condition of the people?—With the exception of certain creeds and castes, such as the more wealthy Mahomedans of Patna, the nobles of Rajpootana, and the Sikhs of the Punjab, there seems to be no general taste for opium in India. Where it is largely consumed the effect is debility both mental and physical; but on a large scale, abuses from the consumption of opium are not great in India, so far as I know.

5121. Mr. *Birley.*] If the excise system with regard to opium were introduced into Bengal should, in your opinion, the administration be confided to the Bengal Board of Revenue?—The Bengal Board of Revenue looks only to revenue considerations; the action of that Board, and of the Excise Department, should be modified by the opinion of the respectable residents in each municipality and village.

5122. Then you would associate the respectable residents, as you term them, in municipalities and villages, with the Board of Revenue in the administration?—Yes, so far as local consumption is concerned.

5123. You have said that the revenue would be rendered less precarious if the excise system were introduced into Bengal. The returns before us seem to show that in Malwa the revenue was as precarious as in Bengal; was that because the competition between the two caused the production to be more precarious than it would be if there were a uniform system in both?—Quite so; the Malwa system is so affected by the monopoly in Bengal, that it cannot act freely and uniformly.

Mr. *G. Smith*, LL.D.

19 May 1871.

5124. Mr. *Beach.*] As the consumption of opium is comparatively small in India, and is almost entirely confined to China, it is only the cultivators there, and not the consumers, that are affected by the revenue raised from it?—Yes.

5125. There is no less a sum than about a million and a half advanced by Government to the cultivators in Bengal?—Yes.

5126. That does not come back to the Government till the chests of opium are sold?—No.

5127. Therefore a sum of a million and a half is practically fructifying in the pockets of the cultivators during that period?—In the form of advances.

5128. There are a great many ready to come forward, I believe, whenever advances are offered to be made by the Government, because they consider it profitable, do they not?—Yes, when the price is as high as it has been for some time; but when it fell below 3 rupees 8 annas, then it was found difficult to induce the cultivators to come forward; there is another reason, it takes three years to prepare the soil properly for the poppy. Once prepared, the cultivator is committed to a long course of poppy growth, and is unwilling to retire from the cultivation unless he has to receive, year after year, too low a price.

5129. And that would prevent him converting the ground which had once been prepared for the poppy into ground for the cultivation of corn?—He would consider it too good for the cultivation of corn.

5130. But would he not take the chance of one year being more profitable than another, and of the sales proving better?—The sales do not affect the cultivator in Bengal; he receives a fixed price from Government; he is affected only by the season, by the action of the landlord in raising the rent, and of his own middleman and the native underlings of the establishment. If they are moderate in their demands, his profit is the greater; if they are excessive, his profit is the less.

5131. Sir *W. Lawson.*] Is there anything debited to the opium revenue for the interest of the capital lying out in advances?—Nothing, I believe, is debited for interest, and nothing for the plant, and nothing for the stock. The opium buildings in Calcutta have been very costly.

5132. Nothing is debited, as I understand you, for the interest of the capital lying out in advances?—Not so far as I am aware.

5133. I think you have already spoken of a cess known by the name of Khurch, which is imposed by the Kattadar in the final adjustment of accounts. Is not this irregular cess imposed to prevent the subordinate agents of the Government from making false returns and false reports?—It may be, but I believe it to be the custom of the country.

5134. Have you heard of the statement made by Mr. Farquharson, an opium agent, that "The money spent in these fees is deducted by the Kattadars in their accounts with the individual cultivators, and distributed by them amongst the district Umlah. The ryot has nothing to do with the matter beyond submitting to the deduction in his accounts, which he generally does most patiently." And is that a correct statement, so far as you know?—I believe that that is correct.

5135. And, I suppose, occasionally the customary offerings are got by these officials, "frightening the cultivators, by telling them either that their cultivation is short and they will have to be sent to the station, or that the crop has been estimated at 8 or 10 seers per beegah, when it ought strictly to have been put down at a much lower rate." Have you any knowledge of such proceedings as that?—Such proceedings can go only to a certain length, and it ought to be said that they are common to all transactions of the kind among a poor and uneducated people. The difference in the case of the monopoly is that these oppressive officials are confessedly underpaid, and are weighted with the authority of the Government.

5136. Are not the best lands used for the cultivation of the poppy?—Yes, and the native officials take care that the strength of the highly cultivated soil shall not be diminished by other exhausting crops in the same year.

5137. Is it true that in Guzerat, since the poppy has been introduced on a large scale, the people have been starving for bread?—Guzerat has suffered from high prices, like every other part of Western India, during the last eight years, but I do not know how far the introduction of the poppy has caused that. It has done so in Malwa and in Behar, that is to say, in Bengal.

5138. Is it true that in Malwa, while the zemindars are amassing fortunes, the people are wanting the necessaries of life, and that although the country is extremely fertile, grain has to be imported at exorbitant rates?—The import of grain is a necessity in Malwa at all times.

5139. Do you know whether the cultivation of the poppy was prohibited in Pegu until that province was annexed?—I believe so; it was prohibited in Aracan.

5140. It is grown now in Pegu, I suppose?—I think not, now that Pegu is one of the divisions of British Burmah.

5141. I think you said that one objection to the monopoly was, that the officials, whose business it was to grow the poppy for the Government, were not well acquainted with the business. Could you explain why, if their business is to grow the poppy for the Government, they should not understand it as well as people who are employed in any other business understand that business?—The covenanted officials of the opium department are generally men of considerable standing in the service, who are popularly believed to be unfit for any other appointment, but who, having charge of an enormous revenue, are very highly paid. The uncovenanted English officials do really understand the people and the cultivation, but have no knowledge of commercial conditions and operations.

5142. Then the objection as to these people not knowing their business is simply a general objection, which applies to all Government officials, who, I presume, are not supposed to be so active as officials employed by any private firm in any business?—Something more; they have neither the knowledge nor the self-interest of a private trader.

5143. But there is not more objection to Government action in this case than there is to any Government action; nothing beyond the objection that a Government official does not generally work so hard as a private person?—And the class of Government officials in the opium department has been, as a rule, inferior to that in the other branches of the service. The same thing used to be true of the salt manufacture, when it existed in Bengal.

5144. Did

5144. Did I rightly understand you, that some of the leading English firms declined to deal in opium, on account of the gambling and speculative nature of the business, or was that on account of the evils which they thought arose from it?—In Calcutta, with perhaps one exception, the trade is entirely in the hands of Armenians, Jews, and other Asiatics. The English firms which have had to do with the opium trade are chiefly concerned in the shipping part of it, not in the gambling.

5145. I wish to know whether you can tell us the motive which led certain firms, as you say, to decline engaging in the trade; was it because they thought it an immoral trade, or because they thought it one not desirable on other grounds to engage in; or perhaps you are not aware of their motives?—I am aware of the motives in two cases, and in both those cases the reason was the moral one.

5146. They thought that the drug was injurious?—Yes; and that the whole mode of its introduction into China, and the wars which were the consequence of that, were disgraceful to the British Government.

5147. *Chairman.*] Was that their avowed motive?—Their motive for giving up.

5148. Mr. *B. Denison.*] Is there any objection to give the name of the firm?—I could give it privately.

5149. Sir *W. Lawson.*] I think you said that the whole excise system was most unpopular among the natives?—Excessively so. The spread of drunkenness among the most wealthy and the lowest parts of the population, has, even in my time, been most marked. A good illustration of that is the old Danish settlement of Serampore. Under the Danes the maximum number of shops for the sale of liquors and drugs was four. Under the British abkari system the number two years ago was 14, and it is probably larger now. The result is that natives, especially domestic servants, may be seen reeling in the streets; crime has very largely increased, and the mortality of the richer class of natives has become a byword, even among themselves.

5150. To what portions of India do your remarks principally apply?—Bengal exclusively, and the North Western Provinces.

5151. I will just read you a couple of sentences from a petition presented by the Madras Native Association some years ago, and I will ask you whether you think the statements very much exaggerated, or whether they have any foundation in truth. After describing the system on which the revenue is raised from the sale of these spirituous drinks, they say, "And as the sale price is extremely low, the quantity consumed, and the number of consumers are immense. Drunkenness, with all its miseries, is consequently common throughout the land; and its baneful effects are a full counterpoise for whatever real or imaginary benefits have been derived by the lower orders of India from her connection with Great Britain." Do you think that a gross exaggeration?—As a matter of fact, it is an exaggeration. As a matter of opinion, it represents the popular native idea on the subject. The proverb among the Bengalees is, that the British Government makes a man drunk for a pice, a pice being less than a farthing. Certainly at our abkari shops, which are identified with the Government as much as the schools are identified with it, a man may get drunk for an anna or three halfpence.

5152. *Chairman.*] Does this association of the British Government with drunkenness in the minds of the natives arise from the circumstances of drunkenness or excessive drinking having been so common among the Europeans in India?—I do not think that drinking has been in my time excessive among the Europeans in India.

5153. Do you know whether in the usual dramas that are exhibited amongst the natives, and to the natives, and by the natives, the drunken European is generally a stock character?—Such a character is common, both in the dramas and in the figures, the large clay figures which are exhibited at idolatrous festivals; but it is well understood that these represent our soldiers and sailors, and of late, the class of railway mechanics who have been introduced into the country.

5154. Sir *C. Wingfield.*] But in the paintings on the walls of native houses in Upper India, officers drinking are a common representation, are they not?—But they are not represented as totally drunk; they are simply represented as sitting at table.

5155. *Chairman.*] In the dramas is it the soldier or the officer that is generally represented as drunk?—In Bengal the loafer, as he is called, has created such terror among the timid rural population, that that I believe has given rise to the frequency with which such scenes are represented.

5156. Sir *W. Lawson.*] You think that higher duties upon these spirituous drinks, causing an increase of the price, would be popular among the native population?—So popular that the native newspapers frequently urge an increase of the duty. In a country like India, which is abstemious by creed and by climate, it seems to the intelligent native monstrous that the English Government should introduce a system for promoting the sale of intoxicating liquors and drugs, which it is so desirous to modify and check in its own country.

5157. With reference to that answer, in what way do you refer to the Government having tried to check the consumption of spirits in its own country?—I allude to the discussions in Parliament and in the English press.

5158. But you are aware that the discussions in Parliament do not always end in action on the part of the Government?—The debates are read in India.

5159. I understand you that it is the duty of the excise officials in India to raise as large a revenue as they can from the sale of these intoxicating drinks, and that they are considered excellent and good officers if they bring in a large amount, and if they do not they are looked upon with some disfavour?—Every annual report of the Bengal Board of Revenue proves that.

5160. Every effort, then, is made to induce the consumption of drink among the natives?—To this extent; recently for both moral and revenue reasons a new system of excise has been introduced, called the Sudder distillery system. According to that no licensed native may, as hitherto, manufacture liquor wherever he pleases, but he must do it in a few central distilleries which are strictly supervised by the excise officers. The effect of this, especially among the wild tribes of Bengal and Central India, has undoubtedly been to check the consumption of

Mr. *G. Smith*, LL.D.

19 May 1871.

liquor, and that to such an extent that the Government of India relaxed their rules in order to allow the Ghonds and others to brew the sort of beer which is prepared from the mowah tree or plant. But the licensing system is the principal cause of the evil now.

5161. Do you think that if the natives, and even these people who consume so much of these drinks were allowed any option as to the establishment of these places for the sale of the drinks among them, they would wish to have them, or that they would prefer to prevent their being set down amongst them as far as you know their opinion?—Ninety-nine men out of a hundred would prevent their establishment.

5162. And you state positively that these places are entirely forced upon them by the Government?—By the officials of the excise department acting under the local boards of revenue.

5163. Do you think that the efforts of the Government to extend the sale of these drinks have produced as great evils in India as they have among our own population; that the misery and wretchedness are as great there as here?—Greater in this sense, that natives of India are habitually abstemious, and natives of northern climates have a certain natural craving for stimulants.

5164. Sir *James Elphinstone.*] You are aware that there is a large amount of opium smuggling in India?—In Bengal.

5165. Does it exist in other parts of the country?—It used to be so very bad through the Portuguese territory that the Malwa monopoly was abolished chiefly for that reason, and the excise system introduced.

5166. That has ceased since those regulations were put in force?—It has very largely ceased. I cannot say how far.

5167. Now, the export of opium surreptitiously from Damaun is at an end?—Practically I believe so.

5168. But there is still a quantity of opium smuggled out of Malwa, is there not?—I was told not.

5169. Is there any Malwa opium smuggled down into Bengal?—I think not; but the railway system has given great facilities to the smuggling of opium in small quantities so that the trade is busily carried on in the Calcutta Bazaar by Asiatics who send up agents to the opium districts to purchase the surplus crude opium which the cultivators keep back from the officials.

5170. Then, too, the form in which the opium is packed, the ball system, makes it particularly easy to carry on the operation of smuggling, does it not?—Opium is made into balls only in the factory. The form in which it is smuggled is the crude form, and it may assume all shapes; practically it looks like unformed pitch. It is generally wrapped in the waistbands and clothing of the native smugglers who come down as third-class passengers from Behar, and occasionally when they have a large venture they use boats covered with onions, as I said before.

5171. You are aware, perhaps, that there is a very large excess of opium which goes on to China beyond what is accounted for in the Government sales?—Yes, I was aware of that.

5172. That is supposed to be so in the Straits, is it not?—Yes.

5173. Taking the amount of opium to be in round numbers about 90,000 chests, would you be surprised if you heard that there were 10,000 chests that passed through the Straits that were unaccounted for?—I should think that the quantity was less.

5174. The amount which arrives in China is very considerably over the amount that passes through the Government hands?—Yes.

5175. Can you state what is the acreage of land under opium cultivation in Bengal and in Malwa?—Up to five years ago the maximum acreage, as fixed by the Bengal Government for both Behar and Benares, was 750,000 beegahs.

5176. And in Malwa what is the extent?—I do not know.

5177. Guzerat is growing a good deal of opium now, is it not?—A good deal.

5178. But then the opium is always grown upon dry land, is it not?—In Bengal it is so.

5179. And also in Malwa?—I have heard so.

5180. And they are obliged to bring it to a very high state of cultivation before it will produce opium?—It takes three years to bring it to the proper state.

5181. But if it was subject to the ordinary rotation of cropping of such land, it would not receive that manure, I fancy, would it?—The ryots could not afford to give it such high cultivation.

5182. And therefore the amount of the low-class grain which it would grow if it was not put through that high system of cultivation would not be very appreciable as an adjunct to the food-growing capacity of the country in relation to the enormous population?—Not at once, but ultimately it would be so. For instance, if Malwa had grown its own food during the late famine in Rajpootana, instead of importing it, thousands of lives would have been saved.

5183. But to have enabled Malwa to do that, it must have been under a totally different system of cultivation from that which it is practicable to carry out there; there is not water in Malwa to produce grain, is there, for the inhabitants?—Malwa has a very fair share of the periodical rains, compared with the desert parts of Rajpootana.

5184. Mr. *Bourke.*] Did not such corn crops as there were fail in Malwa that year?—I think not altogether.

5185. Sir *J. Elphinstone.*] Is it not the case that the land is of that dry description in Malwa, that if it was not applied to the high class cultivation of opium the resources of the country would not only suffer very materially, but the land would not produce the food for the inhabitants which they are enabled to purchase from adopting the high-class cultivation?—I think that if the poppy were removed, the land would be as favourable for the growth of grain as other portions of the country.

5186. With regard to Pegu, there never was any opium grown there, was there?—Not under the native government.

5187. But the climate of Pegu is not a climate that you can grow opium in with any advantage?—It is much too moist. The opium consumed there is Bengal opium imported by the abkari department, and, as I said before, originally, at least, it was forced upon the people, but now it is very popular among the Indo-Chinese and the inhabitants of the ports.

5188. What do you mean by "forced on the people;" were they obliged to take it?—I have quoted

quoted from Sir Arthur Phayre and Mr. Wheeler official statements, showing how the Bengalee underlings of the department have given away cakes of opium in order to create a taste for the drug; that was in Aracan.

5189. If the opium trade was thrown open, and the Government were to divest themselves entirely of the reponsibility of growing opium, there would be no difficulty, would there, in obtaining the necessary advances for the cultivation in the same way as with indigo and sugar?—I should fancy there would be no difficulty. The number of private capitalists who have no scruples as to trade would probably be so large that self interest would induce them to enter into it.

5190. So that in point of fact the trade would go on probably more extensively under another name?—It should not go on more extensively, because we assume that the Government would restrict the cultivation, especially in the time of transition from the one system to the other, to certain districts.

5191. But on what ground of political economy would the Government be justified in restricting a profitable cultivation?—It would be a cultivation entirely with a view to manufacture; and the Government would restrict it on the same grounds as those on which they impose a very high duty on the manufacture of liquor grounds of public advantage, and also of finance.

5192. But if they threw the trade open, they would levy their duties for fiscal purposes, but they could not, in conformity with the laws of political economy, restrict the people from growing opium if they chose, could they?—At first, in passing from their own system to the excise system, say, in one district, it would be necessary for them to do so, but ultimately the trade would adapt itself like all other trades, and up to a point Government interference would not be necessary.

5193. There is no lack of demand in China, is there?—If anything, the demand seems to be slackening.

5194. *Chairman.*] Do we rightly understand you to say that the Government is to restrict the extent or the area of cultivation under the excise system, or that the area of cultivation within certain provinces is to be unlimited?—At first, in order not to affect the large revenue from the Bengal monopoly, it would be necessary to introduce the excise system into only a small area, from which the Government would retire; and there, until the Government had entirely retired from the monopoly, it would be necessary to restrict the area; but Government having retired, the law of supply and demand would probably so operate that the trade might be left to itself.

5195. As a permanent system, you would not propose that the Government should restrict the area of cultivation, even if they kept it within certain provinces?—Not up to a point.

5196. Supposing the excise system were introduced, would not the self-interest of the traders, cultivators, and merchants, if the business was profitable, lead them to a very considerable, and even rash, extension of the cultivation?—At first, it would be necessary to restrict the area of cultivation until the excise system was fully introduced. Then any sudden expansion, dictated by self-interest, would be checked by the results of such rashness. Ultimately, if it were found that the trade was enormously increased, it would be the duty of the paternal Government of a country to which the laws of political economy do not apply, to check the cultivation for the public interest.

5197. Sir *J. Elphinstone.*] But if it was increased unduly, it would bring down the price naturally in the China market?—As between the Government official and the trader the trader knows his own business best, and the risk would be less under him than under Government.

5198. But in a cultivation which requires three years to bring it to maturity the prospect of a high market in China might lead the cultivator to a very large expansion of the land prepared for growing opium, and, in the event of that expansion producing low prices, would it not have a tendency to throw a very large portion of that land out of cultivation, and to produce a rebound?—That would be the tendency; but it is so with cotton now.

5199. Yes; but cotton does not pay a large excise duty. Consequently, throwing a large amount of your opium lands, highly prepared for the purpose, out of cultivation, would most seriously affect the public revenue, would it not?—In the long run it would not do so, because the private trader is affected by self-interest to an extent which is not felt by the Government officials.

5200. But at the outset it might produce very great commercial convulsions and damage to the revenue, might it not?—Not if the transition from the one system to the other were made gradually and experimentally. No such convulsion was produced when the monopoly was abolished in Malwa.

5201. But in Malwa the cultivation is strictly under the supervision of the Government, is it not?—Not at all in the same sense in which it is in Bengal.

5202. Then the amount of land which is capable of this cultivation is more restricted than it is in Bengal?—Yes, if you look at Malwa proper, but not so if you take the states of Rajpootana as well as those of Central India into account.

5203. With regard to liquor, what is the amount of duty on arrack in Bengal?—I have failed to find that at present.

5204. Are there any precautions used in the distillery to purify the spirit and to expel the poisonous elements which exist in Indian liquor?—Precautions very similar to those adopted in this country, since the introduction of the Sudder distillery system.

5205. The Sudder distillery is the large still?—Two or three large stills in a county.

5206. The whole of the spirits are now distilled there?—Yes.

5207. And does the process of rectification go on there?—I have personally only observed the spirits being tested as to proof, but not as to purity. In the Central Provinces in 1868, the still head duty of country spirits was 1 *s.* 6 *d.* a gallon on liquor, not stronger than 70 below London proof; 3 *s.* 6 *d.* up to 40 below proof, and 5 *s.* above that.

5208. So that those in point of fact are the duties?—The duties on country spirits in the Central Provinces; they may be higher in other provinces.

5209. That spirit is very largely adulterated, is it not, before it is brought into use?—By the retail dealer.

5210. Is there any law or police regulation which takes cognisance of adulteration?—None; the

Mr. G. Smith, LL.D.

19 May 1871.

the public of India have long asked for a law to prevent the free sale of poisons, and that ought to include the adulteration of liquor.

5211. You are aware, I suppose, that the deleterious effects of Indian liquor are very much from the adulterative substances that are introduced into it?—That was so until the Sudder distillery system was established. It is so now, so far as I know, only in the large presidency towns, where rejected English liquors are largely bought and drugged for the consumption both of natives and the lower class of Europeans.

5212. Most of the dysentery in its worst form and other diseases of that description are produced, are they not, by the consumption of deleterious liquors?—In the case of the lower class of Europeans, certainly.

5213. The liquor containing poisons which were added to it by the adulterator?—Quite so; in order to create thirst.

5214. The manufacture of arrack existed in India, did it not, when we first became acquainted with the country?—It did; but the consumption must have been trifling, so far as we know.

5215. We have it in evidence, that the consumption on the coasts of Gujerat, Kattawar, and the Concan, and all those districts among the seafaring population, has always been considerable?—They are but small communities compared with the millions of Hindus and Mahometans, who believe themselves to be forbidden the indulgence by their sacred books and by the custom of the country.

5216. The liquor, I suppose, is produced either from the toddy, the juice of the date, or from the palmyra, or from the sugar cane, is it not?—From those, and from certain jungle plants or fruits, such as the mowah, which produces a weak kind of spirit, much indulged in by the Hill tribes.

5217. Is it a deleterious spirit when partaken of to excess?—When partaken of to excess, it leads to violence.

5218. Then the methylitic element predominates probably in it?—I believe so.

5219. The other poisonous element which acts upon the bowels is more present in the liquor distilled from the palm and the sugar-cane, is it not?—So I believe.

5220. Now, supposing that the manufacture of liquor was entirely put a stop to in the Bengal Presidency (with which you are best acquainted), would the commercial value of the products from which it is made be very much deteriorated; would they not have the manufacture of sugar to fall back upon?—The deterioration in value would be to a very slight extent; the consumption of sugar has of late become so comparatively large, that it has now to be imported into India, especially into such provinces as Bombay.

5221. And I believe a very large portion of the produce of sugar from the Mauritius is imported into Bombay, is it not?—I believe so.

5222. So that it would not be ruin or distress to any trade if the manufacture of spirits was either abolished or very materially restricted?—So far from that, within my own knowledge the large export of Bengal rum to Australia has entirely ceased, because it is found more profitable to sell the sugar in its natural state.

5223. Mr. *Hermon.*] You were saying that it would be popular with the natives that the duty on spirits should be increased?—I believe so.

5224. Would it be equally popular to increase the duty on home-made spirits as well as on imported spirits?—It would be unfair to increase the duty on all imported spirits, because that was doubled by Lord Canning in 1859, and the consumption is so generally confined to Europeans, that it would amount to a special and severe tax upon them.

5225. Then the proposition that you say would be so favourable to the natives would be to increase the duty upon the home-made spirits?—Yes.

5226. With regard to opium; if the culture of Patna or Bengal opium were placed on the same footing as that of Malwa, would it tend to increase the consumption of the Bengal opium, and to decrease that of Malwa?—I should say, to decrease the Bengal opium; at least that is the belief of all in Bombay who have studied the question; but it is impossible to say.

5227. I understood you to say that there was a great deal of opium smuggled, and that to avoid its being detected the boat loads were covered with onions; afterwards you told us that a great deal was smuggled in the clothes of people coming down by third-class conveyance, and so forth; would not the smell be easily detected in the latter case?—No one would believe that who had seen a third-class carriage in Bengal for nine months of the year; there are other smells sufficient to check the pungency of the opium.

5228. Mr. *J. B. Smith.*] Was there any abkari tax under the Native Government?—Certainly; under the Mussulman Government, so far as I have read, the tax on drugs was farmed out to contractors, but the consumption was very small, except in the later years of Akbar's administration.

5229. They made it a source of revenue?—The Emperor for the time being did so, and his various Lieutenant Governors.

5230. Was his the only Government that established an abkari?—I am not aware of any of the old Hindoo Governments having done so. I have never read that they did. It is most unlikely, considering that the laws of Manu certainly forbid all Hindus of respectable castes to touch intoxicating liquor; and the Brahmins have continually taught the same.

5231. Nevertheless, they do consume them to a very large extent?—The wild tribes and lower castes do to a large extent, and those who have come more into contact with Europeans, as servants and employés.

5232. I see that in 1870–71 the abkari produced altogether to the Government 2,300,000*l.*?—I have an official return, showing the growth of the abkari revenue in all India from 1861–62, which is the year when Lord Canning's and Mr. Wilson's new tariff arrangements first began to tell, up to the year 1868–69. It has risen from 1,786,158*l.* to 2,360,000*l.*

5233. Now would you propose to abolish the abkari altogether?—On the contrary; if a much more heavy rate were laid upon all country-made spirits, and the licensing system were checked by the vast majority of the people who are opposed to the consumption of spirits, no doubt the consumption would fall off; but practically the revenue would be the same, from the increased rates of duty. The argument that an

increased

increased excise revenue is always a sign of the growing prosperity of a people utterly fails when applied to a population like that of India, which, as I have said before, is abstemious by creed and by climate.

5234. Then you think that raising the duty would have little effect upon the consumption of spirits?—Raising the duty would, I should guess, as much restrict the consumption as it made up for the loss of revenue, so that the revenue would practically remain as it is.

5235. Have you any grounds for that expectation?—Merely residence, experience of native society, and watching the annual progress of the revenue and of the department.

5236. Supposing it should very seriously affect the revenue, what do you propose to substitute for it, that revenue being necessary to the Government?—I would substitute a tobacco tax, which, in the form of a duty exacted from licensed manufactories, might be levied by the present excise department without any serious increase of expenditure.

5237. Do you think that a tax on tobacco would be considered oppressive by the Indians?—I think it would. I think that the tendency of any increase of taxation should not be in the direction of the mass of the people, for political as well as financial reasons, but in the direction of causing the richer and trading classes to contribute their full share.

5238. Your reason for suggesting that tax on tobacco is that it would extend to all and not fall particularly on the lower classes?—If you assume that the excise revenue would fall off because the high duty would check consumption, which I do not believe, then it would not be so objectionable to supply the loss of revenue by a tobacco tax; but absolutely it would be better to raise increased taxation from any class of the people rather than from the mass of the people who at present pay the greater proportion of the taxation.

5239. Did I rightly understand you to advocate the abolition of the growth of opium?—That would be impossible and unfair. I merely advocate its restriction.

5240. What you simply want is, that the same course should be pursued in Bengal as is now pursued in Malwa?—Yes, nothing more.

5241. Mr. *Lyttelton.*] You say that the great mass of the population at present pays the greater part of the taxation?—I think so.

5242. In what way, except by means of the salt tax can that be shown to be the case?—That brings up the question of the land revenue; how much of that is rent, and how much is taxation, or is all of it rent or is all of it taxation.

5243. You allude to that solely?—To that chiefly. They also pay a very considerable proportion of the customs duties. The difference between a poor man and a rich man in India as a taxpayer is excessively trifling. They eat alike, they dress almost alike; the consumption, in fact, is very much the same; so that the possessor of enormous wealth practically, at this moment, unless through direct taxation, such as income tax, pays as little to the Government as almost the meanest of his servants.

5244. On what articles do the poorest of the population pay customs duties?—On their cloth, so far as it is Manchester cloth, their salt, and their drink, of which they certainly consume more than the respectable classes.

5245. Do not the poorest classes wear home-spun clothes exclusively?—The proportion has been often discussed. I believe the truth to be that the very poorest classes do wear home-spun cloth; but the mass of the respectable class of agriculturists have their holiday suit of English cloth and their ordinary labouring suit which they use in the fields, of home-spun cloth. Practically, in the large cities and along the lines of railway, nothing but English cloth is used.

5246. You admit, I suppose, that your statement with regard to the poorer classes bearing this amount of taxation is contradicted by high authorities?—It is a matter of calculation. As one who has lived many years in Bengal and paid taxes, I have always felt that personally, until the income tax was imposed, I paid less to the Government than my servants, except in the consumption of imported English articles.

5247. You consider that the argument in favour of a salt tax that it is a good tax, because in no other way can you reach the mass of the people, is an unsound one?—The richer people do not pay taxes proportionately to the mass of the lower classes.

5248. We were told by one witness that the great proportion of people paid no taxes, other than the salt tax; that is not your view?—They pay customs, excise, and salt in the same proportion as the richer natives.

5249. In regard to raising the duty on spirits, of course there must be a point where the increased duty would check consumption; where would that point be, in your opinion?—I have not had experience enough to say.

5250. Roughly, could you say?—Roughly, I should say that double the present duty would be popular, and would not lead to smuggling, because the population is on our side, and not, as in this country, against us in such a matter as that.

5251. Do you expect a decreased export of opium under an excise system?—That would depend upon China. The advantage of that system would be, that it would respond most accurately to the demand in China; so that the Government would be able to calculate upon a fixed or almost fixed income from opium, in a way which it cannot do at present.

5252. But if China asked for more, under that system she would get more?—Yes.

5253. Can you point out what difference, morally, there would be between the two systems, the monopoly system and the excise system, which resulted in the same amount of production of a noxious plant, assuming it to be noxious?—Morally, the responsibility lies upon Government, as Government, at present; that is to say, upon this country. By the excise system it rests entirely on the individuals who may engage in the trade, and Government is put in its proper position of exacting the highest possible duty from what is admitted to be a noxious production.

5254. Assuming it to be a noxious production, surely, in a country like India, where you say the laws of political economy are not strictly applicable, but the Government is of a highly paternal character, it is the duty of the Government to prohibit the growth of the drug altogether?—I think not. In the first place, that would be impossible. We are a few white officials governing millions of people. In the second place, it would be unfair, for you are

Mr. G. Smith, LL.D.

19 May 1871.

arguing from the abuse of what is in itself not only innocent, but advantageous, medicinally.

5255. To return to the two systems, I do not see myself what difference there can be between a Government monopoly which produces so many chests of opium per annum, and an excise system set on foot by the Government itself, which will produce probably a great deal more; do not you imagine that Government is equally responsible in a country like India under either of those systems?—I think not; the position of the Government is utterly different in the two cases. In the present case, not only in the eyes of the natives, but as a matter of fact, the Government is the poppy grower, the poppy manufacturer, and the opium seller at the auction. In the other case it would say, "We shall interfere with the growth of the poppy no more than with the growth of tobacco; after a time, that is; but we shall take care that if people will grow the poppy, and manufacture opium from it, they shall pay the very highest duty we can exact without causing smuggling." I think that the position is a very different one in the two cases. It certainly is considered so by the natives, and would be so considered, I think, by most men in this country.

5256. Do you regard opium as to the same extent a necessary of life as spirits are in England?—Not for India. I do not think that opium is popular with large classes of people in India; there is good proof of that. The system which prevails in the Punjaub is an acreage tax; the cultivation is free; no one checks it, no one supervises it, but the cultivator pays to the land revenue some 3 or 4 rupees an acre more than he would pay were the land given up to food crops. The result is, that the consumption of opium, though considerable among certain classes of the Sikhs and Mahometans, has not on the whole demoralised the population of the Punjaub.

5257. You said, speaking of the evils of the monopoly system, that the Government monopoly is as bad in India as a similar system would be in *England, namely, the Chancellor of the Exchequer making the sale of spirits and beer a* Government monopoly; but, supposing that the result of the establishment of such a system in England would be to diminish the consumption of spirits and beer by one-half, would you have any objection to it on moral grounds?—No; but the cases are not parallel. The Government in India exports its opium to China, and washes its hands of the responsibility there. In this case the Government wishes to save its own subjects from demoralisation.

5258. You make a clear distinction between demoralising foreigners, and demoralising our own subjects?—The Government of India does. The Government of India has always, so far as the public know, taken a purely revenue view of the whole monopoly.

5259. I quite understand that: you have been taking that view too, but you have also been taking the moral view?—The Government of India would not consider the moral view; it would say that it checks the consumption of opium in India, by putting a high duty on it. I think the duty might be higher; but as to China, the whole history of our connection with that country shows the view taken both by the Government of India and by the Government of this country.

5260. Mr. *Cave.*] Does it not check the consumption in China just as much by imposing a duty on it in India?—Not where the article is a fancy article, such as Indian opium is.

5261. But if there were no duty in India, it would be much cheaper in China?—Yes; but the check does not tell to that extent; that is to say, the demand in China for opium is so very great, that the Indian supply meets it only to a certain extent.

5262. Mr. *Eastwick.*] I think you said that the area of cultivation of opium in Bengal is 750,000 beegahs?—It was so some years ago; it is now much larger.

5263. What would you put it at now?—Certainly 850,000 beegahs.

5264. Taking it that that would represent about half-a-million of acres, what proportion would that bear to the general cultivated area?—It is impossible to tell that in Bengal, for the permanent settlement prevents the collection of such agricultural statistics as we are now getting from provinces where the land revenue settlement is periodical.

5265. Could you tell us what it is in Benares?—Not in the permanently settled districts of Benares.

5266. Or in Malwa?—That is a native state.

5267. That half a million of acres would be rather a small per-centage of the whole cultivated area, would it not?—Rather small.

5268. Do you think that if this opium cultivation were entirely done away, it could have much effect in preventing famine; do you think that it is of sufficient importance?—As a matter of fact, the opium cultivation has intensified famines in those parts of the opium districts which have no railways and few roads, such as the districts to the north of the Ganges.

5269. But would not the same thing also apply to tea cultivation, or to indigo cultivation, or to cotton cultivation, if it is an argument against opium cultivation that it supplants cereals?—Supposing that Government kept an expensive establishment purposely to force cotton, or tea, or indigo into cultivation, it would.

5270. *But that expensive establishment is paid* for by the profits of the opium trade, and therefore the population are so far benefiting to an immense extent, because they are paid, in fact, by the foreigner?—They are benefiting; the cultivation is popular, because it pays under the present prices; but they would benefit more under an excise system.

5271. If the opium cultivation monopoly were done away with, we should lose all our plant; it would be sacrificed, of course?—No; it would certainly be taken over in the same way as our large silk filatures and indigo factories were taken over by European and native capitalists when the East India Company was deprived of its trade.

5272. Sir *C. Wingfield.*] At a tremendous sacrifice?—At a tremendous sacrifice then; but the competition in this case would be much more considerable than it was then.

5273. Mr. *Eastwick.*] Still, have you any reason to suppose that the cultivators would be as prosperous and as well treated under native speculators or European speculators as they are under the Government?—I should think so.

5274. Do you find that to be the case with regard to the indigo cultivators?—It depends on what indigo cultivators are meant. The indigo cultivators, were, no doubt in Nuddea to some extent

tent badly treated, but that was simply because the planters continued the system which they had received from the East India Company. My impression is, that the cultivators would be better treated, because at present they hardly dare to resist the illegal practices of Government servants, while they would certainly resist them were native underlings simply the paid employés of private capitalists.

5275. But we have very strong evidence, have we not, that they have been an extremely prosperous class of the population?—The middle men among them.

5276. But also of the cultivators?—That is not my experience, as contrasting them with the ordinary cultivator; such a very large proportion of the profits goes to the zemindar in increased rent, and to the middlemen and the native officials of the department.

5277. Then you would state decidedly that you do not consider them to be as compared with the other cultivating classes a very prosperous class?—Certainly.

5278. When you were at Indore, did you examine into the circumstances of the opium cultivators there?—To some extent.

5279. And what condition did you find them in?—Very much the same as in Patna; but I was under the disadvantage of not knowing their language.

5280. Did you find them equally prosperous with the opium cultivators of Bengal?—They seemed to be so.

5281. More so, should you say?—I should not say more so, and since that time their rent has been very considerably raised by Holkar.

5282. So far, that would not be very encouraging, then, to do away with the monopoly, because, though it is free cultivation in Malwa, the cultivators are not more prosperous, at all events, and perhaps less so, than in Bengal?—No; but the argument from Holkar's raising the rent would apply also to Bengal. It is stated distinctly, that although the law forbids the zemindar to raise the rent of the poppy cultivators, the violation of the law is winked at.

5283. Your great objection to the monopoly is, is it not, that opium does demoralise the population of China; if it was not for that, if there was no demoralisation, you would not object to it?—From a moral point of view, that is one objection; but my main argument would be from the financial point of view, that by bringing the cultivation of opium within the ordinary laws of trade, you would give a comparative certainty to the revenue derived from it, which it can never possess under the system of monopoly.

5284. I will take the moral consideration first, and if I could show you a considerable population who are in the habit of taking opium, and who are as healthy as any population, and if I could show that the Chinese population are unhealthy, simply because they use the opium in one particular way, that would take away very much from the force of that moral consideration, would it not?—These are questions of fact, of course.

5285. It is the fact, is it not, that it is the smoking of opium which is so injurious, and not the eating of opium?—I believe so, and I believe the abuses that arise from the consumption of opium in China have been very considerably exaggerated.

5286. You think that the smuggling would not be so extensive under the licensing system as it is under the monopoly system?—I think that, as a matter of fact, the abolition of the monopoly in Malwa stopped the smuggling, and the Assistant Resident at Indore, whose special duty it was to receive the pass fees, assured me, that so far as our Government knew, there was no smuggling of Malwa opium.

5287. Mr. *B. Denison.*] Are the Committee to understand from your evidence, that the system pursued at Bombay is not open to objection as contra-distinguished from the system pursued in Bengal?—No, but that the system of Bengal has special objections to which the Malwa system is not open.

5288. I did not hear whether you pointed out any particular objections as connected with the Malwa opium trade?—I have already answered that.

5289. In your opinion, if the licensing system were adopted as proposed by you in Bengal, would the acreage under opium cultivation increase, diminish, or remain stationary?—I think it would remain stationary from the restriction put upon it by the Government, during the time of transition, but afterwards it would fluctuate according to the laws of trade, unless it should assume so great a proportion that it would be the duty of Government in the public interests to restrict it permanently.

5290. The advance for the opium cultivation amounting to from a million and a half to a million and three quarters is practically a perpetual advance, is it not?—Practically, the same cultivator remains on the books, and his children after him, unless he deliberately demands to be allowed to give up the cultivation.

5291. Therefore it would not be correct to say that it is a perpetual advance of this large sum of money without interest to the cultivating class of the community?—I think it so.

5292. And do you think that that large amount of capital would be speedily replaced by private traders?—It would be their interest to replace it. A similar amount of capital, if not larger, was advanced in the indigo districts before 1860.

5293. You have told the Committee that the chief persons concerned in the opium trade were Armenians, Jews, and Asiatics, and that there are scarcely any Europeans at all engaged in it?—Yes.

5294. And I think you said that in some instances that arose from moral considerations?—I mentioned that I knew of two instances of that kind.

5295. But are there not two other reasons that worked, one being the large amount of capital involved in the trade, and the second the great amount of gambling and speculation which goes on in connection with it?—I have no doubt that that would weigh with many.

5296. Are you under the impression that gambling at the opium sales goes on at the present day to the same extent as it did formerly?—Quite as much; not only at the sale on the part of actual capitalists, but in the bazaars on the part of an inferior order of pure speculators.

5297. But, knowing what you do of Asiatics, knowing what innate gamblers they are, do you believe that the mere accident of these opium sales supplies them with the means of gambling which they would not find in other ways?—They would probably find it in other ways, but it is a great

Mr. *G. Smith*, LL.D.

19 May 1871.

great source of gambling, the greatest certainly in Calcutta.

5298. But probably not more than what may be found on the London Stock Exchange, as regards speculations in all kinds of stocks?—Certainly not more than I witnessed in Bombay in December 1864, among all classes of natives.

5299. You said, talking of the excise on spirits, that it was unpopular, that drunkenness was greatly on the increase, also crime and mortality amongst the richer natives, and, I think, you proposed a substitute for the possible loss of revenue arising from an increase on spirit duties, a tobacco tax to supplement the revenue?—If there were such a loss.

5300. Do you happen to know that a tobacco tax was in contemplation some years ago?—A tobacco tax was proposed by Mr. Wilson in 1860. His proposals were submitted to the local governments, and probably they would have been adopted, but that in Mr. Laing's time the large opium revenue temporarily tided us over our financial difficulties.

5301. Speaking of Mr. Laing's proposal, was that to have been a license tax on the sale of tobacco?—The proposal was an import duty of, I think, eight annas a seer, 1 *s.* the 2 lbs.; and an equivalent duty on home-grown tobacco: but it was never fully decided whether the home duty should be raised from the cultivator or from licensed traders in shops, or by converting the tobacco trade into a monopoly like that of opium.

5302. Was not the proposition which found most favour that of having licensed traders?—It was.

5303. And was not the main reason why it was given up the well-ascertained fact, that the amount of revenue realised from such a source would be practically of no amount?—It would be to a large extent absorbed by the expense of collection.

5304. Then the tax which you have in contemplation would be realised, how?—In the same way as the liquor tax is now realised, from a few centres in each large district. To the same centres might be attached a tobacco department, and the excise officials, with a slight increase of establishment, might levy the tax at the same place at which they levy the liquor duty.

5305. Do you consider tobacco a necessary for the natives of India, or a luxury?—A necessary, I should say, on medical grounds. I have been told that it supplies, like the betel-nut, an element which is supplied to us by animal food.

5306. And drink, I think, you said you looked upon as a luxury?—As a luxury, forbidden by the sacred books of both the Hindoos and the Mahomedans.

5307. Then I suppose that you would not be in favour of any tax upon tobacco which would practically limit its consumption?—No, not any more than on salt.

5308. *Chairman.*] Do you contemplate the growth of tobacco by the public generally, by that means?—No, simply that all tobacco wherever grown, should be compulsorily sold to licensed traders by the cultivator; and at the centres of sale the present excise officials should levy the duty imposed by Government.

5309. How would you fix the price?—It would be a free arrangement between the licensed trader and the cultivator.

5310. But if one man has compulsorily to sell to another, how is that operation to be carried on unless somebody fixes the price?—It would be necessary to restrict the sale to certain centres, merely as a matter of organisation.

5311. But if a man is compelled to sell to any person, how can you carry out the operation unless you fix a price; how could a man be compelled to sell unless somebody is compelled to buy and give him a price?—That, of course, would be a difficulty.

5312. But I want to know how you would get over it?—Of course, under the opium monopoly system, the price is fixed; so that, undoubtedly, it would run into a monopoly.

5313. It would end in being a restricted cultivation, for the purpose of raising the revenue?—Practically, that would be the result.

5314. Mr. *Cave.*] How would an acreage tax do, like the tax in Germany on tobacco?—It would do in all parts of the country, except those that are permanently settled; it would be impossible there to discover the amount of tobacco in the fields unless by an expensive system of espionage, which would absorb the revenue.

5315. Is there no calculation as to the crops in those districts now?—No more than there is in this country, except where the landlords voluntarily submit statistics, which is the case in some districts where there are intelligent Europeans.

5316. Mr. *Grant Duff.*] Supposing that you could quite eliminate moral considerations from your mind, am I to understand that you would still advocate a change from the Bengal opium system for purely financial reasons?—From purely financial reasons.

5317. And I understand that you would double the excise duties all round?—Nearly so; that would be a question for the members of the department who have had experience.

5318. And when you had carried out these two arrangements, would you ensure the Government as good a revenue as it has now one year with another?—As to the excise, it would be a matter of gradual increase; no Government would suddenly double the duty in that way. I merely mention that as the maximum, and that would be popular. And as to the other, that also would be done gradually.

5319. For instance, 10 years hence, would you ensure the Government having as good a revenue as its average revenue during the last 10 years?—I would certainly ensure its having a fixed revenue much less precarious than at present.

5320. But not so large as at present?—Yes; 10 years hence I should say it would be as large. The tendency of the opium revenue is not only to be precarious, but also to fall; and I see no means of arresting its fall better than leaving the whole trade and manufacture to the ordinary laws of trade.

5321. I understand that you contemplate that the opium revenue is quite sure to be less in the next decade than it was in the last; whether we keep our present arrangements, or make a new one, it is fated to decline, you think?—I should think so.

5322. As to a tobacco tax; would not a tobacco tax, such as you suggest, be extremely unpopular?—All new taxation is unpopular, and especially if it is placed on the upper classes. If it is placed on the lower classes it is not only unpopular but it is dangerous, because we have no means of knowing the opinion of the lower classes, and it is the interest of the upper classes to hush that opinion wherever it is heard.

5323. Would

5323. Would not a tobacco tax hit the very class which now pays the salt duty?—It would, and therefore it is objectionable.

5324. I thought you recommended it?—Only as the lesser of two evils. I would rather have a tobacco tax than keep the abkari on its present system of low duties and uncheeked licensing.

5325. Sir C. *Wingfield,*] I believe that according to your plan of excise, the growers of opium would have to take their opium to certain factories where the dealers would buy it of them?—Yes.

5326. How could you provide that the growers should take the opium to the dealers at these factories; how could you prevent the growers from surreptitiously selling it?—The risk would be less under that system than under the present system. The self-interest of the dealer would see to that.

5327. But how could the dealer watch over the private transactions of hundreds of ryots spread about the district?—The present system is that the Government official says, that a certain area of poppy ought to yield a certain proportion of crude opium. My argument is that the skilled dealer actuated also by self-interest, would know better than any Government official what proportion of opium year after year the same area ought to yield.

5328. But then what penalty could he apply; if a powerful Government cannot check it, how is a mere dealer to be able to check the surreptitious sale?—He would apply no penalty; it would be left to the Government excise department which prevents smuggling; but he applies a preventive process by taking more out of the cultivator than the Government officials now do.

5329. But why should a private dealer be able to calculate more accurately the yield of opium from each cultivator's land, than a class of officials who have passed all their lives in carrying out the opium system?—For two reasons. These officials have no self-interest in the matter; that works unconsciously. The dealer would be a skilled person, and the same result would probably follow, which we have seen in indigo. The moment that the cultivation and manufacture of indigo passed out of the hands of the highly-paid civilians, who worked it for the East India Company, into those of adventurers who made a living by it, the quality improved and the quantity largely increased.

5330. You are, perhaps, aware that in the first year after the annexation of Oude, the plan followed was to give certain persons a contract from Government to sell opium, and to cause the cultivators of opium to deliver all their opium to these licensed traders; now, is not that very much the system of excise that you propose, to give permission to a certain class of people to sell opium, and to require the growers of opium to sell to those people only?—That appears to have been an approach to it.

5331. Are you aware that that system broke down utterly from this cause, that the licensed vendors on the part of the Government could not compel the growers to deliver the opium to them, and could not prevent private and surreptitious sale in the villages?—Was the opium a new cultivation in Oude.

5332. No, it had gone on from time immemorial, but that was the difficulty found; there were no means of compelling the grower to deliver it to the licensed dealer?—The whole experience of Malwa is opposed to that, and I ascribe the failure in Oude to the fact of the proximity of the monopoly in the North West Provinces. In Malwa there is no difficulty of the kind, the whole question is one of price.

5333. But where the monopoly prevails, there the grower must bring his opium to the Government factories, and all surreptitious sale is prohibited; but yet you think a great deal is carried on?—Simply because the interest of the Government officials in the cultivation is not so great as that of private traders would be.

5334. But in this case which I have mentioned in Oude these people who paid a sum to Government for the special privilege of vending opium had a great interest in preventing the cultivator from disposing of it to anybody but themselves, and yet they were not able to prevent it?—Mr. H. C. Hamilton officially states that the Benares agency paid them better than the dealers in Oudh.

5335. You said that another objection to the present system was that such a delicate operation of trade is conducted by officials; but surely the trade is conducted by the purchasers at the auction sales in Calcutta; the officials do not attempt to regulate or conduct trade; they simply supply the market with a certain amount of opium?—Nine-tenths of the trade proper is conducted by officials; they make the advances, they influence the selection of the soil; they manufacture the opium under their own chemical officers in their own factories, they sell it by auction themselves, and they fix the duty. After that, of course the trade lies in the hands of the shipper. The price at which the opium sells in Calcutta is, to some extent, fixed by the considerations of the out-turn in Malwa.

5336. I thought it was the other way; that the duty on Malwa opium was fixed very much with reference to the price that could be obtained at the Calcutta sales; it is rather the price that the Bengal opium sells for that has determined the duty on Malwa opium, not the duty on Malwa opium that governs the prices obtaining at the sales at Calcutta, is it not?—Of course the prices in Calcutta fluctuate very much, much more than those in Bombay, for that reason.

5337. You also said that the interference of the opium establishment with the cultivators, and the exactions of the officers were felt as oppressive by the people?—Yes.

5338. But still the fact remains that the cultivation is popular and beneficial in the districts?—The fact remains, but the people do not like the interference, and the popularity of the cultivation and the profit of the cultivation I believe to be much more with the middlemen than with the actual persons who cultivate the poppy.

5339. The opium middlemen you mean?—Yes.

5340. You said that shortly after the annexation of Oude the people at first refused to take advances from the opium agents?—Yes.

5341. But have you heard the explanation of this refusal which was not that the cultivators themselves were at all unwilling to take advances, but that their landlords interfered and prohibited them from growing the poppy because it tended to make the cultivators independent of the landlords?—That is one probable explanation.

5342. And then when you say that the officials could practically force reluctant cultivators to grow opium, surely the cultivators knew that the collector of the district would protect them from any interference, or any oppression by opium

Mr. *G. Smith*, LL.D.

19 May 1871.

officials, and the collector is the man that they look up to and fear, and as long as they have him on their side they care nothing for an opium agent?—The class that you speak of are ignorant and timid men, who are far removed from the collector.

5343. But there is one thing that the most timid agriculturist knows in India, and that is, that the collector is king, and that nobody can stand against him?—That is not the case to the same extent in Bengal as in the Upper Provinces; moreover, it is everywhere difficult for the poor cultivator to reach the collector, he has to pass through so many grades of natives, and to go such distances.

5344. But every deputy collector also is armed with the powers of the collector subordinately to him; he is, as regards the cultivator, as good as the collector?—As a matter of fact, my experience is, that the collector and the deputy collector, and the whole officials of a district would lend the weight of their influence to the promotion of both the opium revenue and the excise revenue.

5345. You said that the system of excise which you recommend would give greater certainty to the revenue than the present system; but then take this case, suppose that the out-turn of opium in any year fell short from bad seasons, which frequently happen, then the revenue being a fixed rate per chest, would certainly fall off, would it not?—It would have fallen off in any case.

5346. If under the present system the out-turn is short, and there is a short supply in the Calcutta market, you get compensation by the enhanced price at the sales?—That is true, unless you take a series of years; if you look at the opium revenue, say, for the last 10 years, you find that the fluctuations have been very violent, and practically, that is a greater evil than the risk that you mentioned would be on the other side.

5347. But those very fluctuations showed this, that the less opium you brought to market the higher the price it realised, and it was the object of Mr. Laing in extending the cultivation of opium to reduce the price. That shows that the smaller the production, and the smaller the supply, the larger the price realised; and proves that under the present system, supposing you have a deficient out-turn, it is made up in another way?—The experience of the Malwa system, I think, is in favour of greater uniformity than we have in Bengal, and its advocates on the spot assert that if it were left unchecked by the monopoly, we should have very much greater uniformity.

5348. In the Punjaub they levy an acreage tax on the opium?—They do.

5349. And the production in the Punjaub is very small indeed?—I believe so.

5350. And yet the Sikhs are one of the races of India who mostly consume opium. May not it be inferred that the plan of an acreage tax discourages the cultivation of opium?—I think not; the Sikhs are not a very large community. The Sikhs proper are not estimated at more than one million and a quarter.

5351. But still the production of opium in the Punjaub is very insignificant indeed, and it is not supposed that the opium there half supplies the wants of the Sikhs; they being an opium-consuming class it might be presumed that their own country would produce enough, but it does not. The acreage tax is the cause, is it not, of that fact?—It is so light that it could hardly have that effect.

5352. But while in Bengal a man gets money paid him to grow opium, in the Punjaub he has to pay money for growing it?—Probably the question of soil has as much to do with it in the Punjaub.

5353. The circumstance must have a great effect on the inclination of the cultivator to grow opium, whether he is paid for it or not?—Probably it would have an effect.

5354. You said that you would associate the municipalities in the management of the excise system, but I apprehend that you mean by that that you would associate the municipalities in the management of the retail sale?—Of the retail sale only.

5355. Not of the levying of the Government duty on it?—Of the granting of licenses to retail dealers, so as to limit the number of shops.

5356. *Chairman.*] You would allow them to express their opinion as to whether a liquor shop was necessary or desirable?—Exactly, as the justices do here.

5357. Sir *C. Wingfield.*] But you would not allow the municipalities to interfere in any way between the licensed dealer and the grower?—Certainly not, nor would I allow them just at present, so strong is the prejudice, to put an absolute veto upon licensing.

5358. So that public opinion would not be allowed to control or effect the amount of revenue that Government might realise from an excise system?—Except in so far as it might lessen the demand in India through the shops.

5359. But the demand in India is so very small. Sir Cecil Beadon told us that the whole value of all the opium sold is only 300,000*l.*?—But my remarks applied not only to the sale of opium only, but much more to the sale of liquor.

5360. The Sudder distillery system you have described, and you know that that prevails in parts of Bengal?—Pretty well over all Bengal now.

5361. And it also was introduced in Oude some six or seven years ago, and it also prevails in great parts of the North Western Provinces. Now you admit that this system, inasmuch as it puts the highest possible duty on spirits that spirits can bear, does not stimulate consumption?—My objection to it is that it does not put upon it the highest duty that it could bear.

5362. You say that in practice the authorities do not put the highest duty on it?—In practice they do not.

5363. But that system, admitting as it does of the highest duty being put on, is a good one and the best one?—Yes, if the highest duty is exacted.

5364. And you think that it should be accompanied by a further limitation of retail shops?—Yes; according to the wishes of the respectable inhabitants.

5365. But when you said that the British Government was subjected to the reproach by the natives of having encouraged drunkenness, surely if there were no excise system at all, if every man was free to make and sell and drink as much as he pleased, the evil would be very much aggravated?—My argument is that the excise system should be very much stricter. The natives continually argue for entire prohibition.

5366. But

5366. But that is the class of natives who do not drink?—The class of natives who do not drink being 999 out of every 1,000.

5367. I should entirely dissent from that view, because the people who are called the pariahs, the lowest classes, who must form a very considerable per-centage of the population, all drink; is not that so?—Of the hill tribes.

5368. No; of the plains: what are called the pariahs, of whom in every village there must be from 10 to 20 per cent. of the population; they all drink?—It is not so, to such an extent, in Bengal, unlessy in the case of the wild tribes.

5369. Have you heard that very great suffering has been caused, particularly in the rains and in winter times to the poorest agricultural classes, who have to be out in their fields at night in all weathers, from being prevented from obtaining as much drink as they required?—The only suffering that I have known of was among the Ghonds, when the Sudder distillery system was introduced into the Central Provinces, and that, as I said, has been modified to meet their special case.

5370. You say that the population of Serampore, since Serampore came under the British rule, has been very much demoralised by the number of liquor shops there?—Very much.

5371. Does not the population of Serampore consist largely of Christian converts?—I wish it did. The number of native Christians resident in Serampore is probably not more than 250 out of a population of 25,000. There is a Christian village there, with a population of about 200, but the majority of the men are engaged during the week in Calcutta. As a rule, the village is most moral, and certainly its vice is not drunkenness.

5372. It is very close to Barrackpore; and it is very much frequented by the soldiery from Barrackpore, is it not?—They are forbidden to cross; and the shops in Serampore are not licensed to sell to soldiers. One good feature of the abkari department is, that shops, which are not licensed to sell to English soldiers, have the fact distinctly announced above the doors, so that we at least protect our own soldiers, whatever may be said of our native subjects.

5373. Mr. *Crawford.*] You said that the experience from which you spoke had been derived from residence in India?—In Bengal, chiefly.

5374. Was that residence confined entirely to Bengal?—I have visited almost all parts of India proper for purposes of observation, and I know pretty accurately the whole of Northern India.

5375. Your experience otherwise than in Bengal is as a traveller, for the purpose of gathering information?—Quite so.

5376. But you have no such intimate knowledge of the native habits and mind in other parts of India as you have in Bengal?—No, I cannot speak their languages.

5377. What has been the rise in the rate of wages amongst the ordinary labouring population in Bengal, consequent upon the great employment of natives for the construction of railways?—It varies in different districts. Along the lines of railway and in the large cities, the rise in my experience in 17 years, has been for a man, from 2 annas to 6 annas a day; but in the more remote districts probably from an anna and a-half to 4 annas a day.

5378. What has been the effect of that rise in the price of labour upon the consumption of excisable articles the necessaries of life?—The effect has been considerable; but I believe that wages have not risen in a greater proportion than the price of the necessaries of life, so that the labouring classes are probably on the whole worse off than they were before. English capital was introduced into the country; but the producing classes have largely benefited.

5379. The producing classes as contrasted with whom?—With the purely labouring classes.

5380. What has been the increased consumption of articles subject to the abkari tax?—We can estimate that only by the increase of the revenue.

5381. Do you think that in mixing with the natives and observing their habits you see the effect of any marked increase in the consumption of excisable articles?—Certainly, in the consumption of liquor and English cloth, and probably more salt is used than was the case.

5382. As you have mentioned English cloth, may I ask whether the English cloth is of equal durability to the native-made cloth?—Not for working purposes, but certainly for what the natives would call holiday purposes.

5383. If the advances which are now made for the purposes of the opium cultivation in the Bengal, Behar and Benares provinces were given up, would it be necessary for the Government to retain so large an amount of money in their treasuries?—I think not.

5384. You think that it would release a certain amount of the money, which would then become idle, as it were?—Yes; so that the Government might hold smaller cash balances than they do at present.

5385. You referred to the cessation of the export of rum from Calcutta to Australia, and stated also at the same time that there was a large import of sugar now into Bombay?—It is so.

5386. Do you consider that import of sugar into Bombay to be a novel circumstance?—I believe it to be so.

5387. But are you not aware of the fact that Bombay has never been a sugar-producing Presidency, that there has always been a large import of sugar into Bombay from China, Manilla, and Siam?—I believe that the largest import into the Presidency was from the sugar-producing districts of the interior, across the inland customs line.

5388. Do you say that upon any authority?—I should like to refer to Mr. Allan Hume's Reports.

5389. The Presidency of Bombay has been a very large importing place for sugar from the countries which I have mentioned, within my knowledge; are you not aware of the fact?—There is no question that the import of sugar into Bombay took an enormous start about the year 1864-65.

5390. Was not that due to the increase of consumption consequent upon the great distribution of money caused by the construction of the railways?—We considered it to be so.

5391. Is there not a large entrepôt trade between Bombay and the Persian Gulf and the Red Sea?—Yes, a growing trade.

5392. And consequently the increase may have had reference to its external trade, as well as its internal consumption?—Certainly.

5393. Is it not your experience that the imposition

Mr. *G. Smith*, LL.D.

19 May 1871.

position of new taxes in India, that is, of taxes to which the natives have not been accustomed, is very unpopular with the natives?—Very unpopular.

5394. And that it is desirable, if possible, not to resort to new methods of taxation, but to rely as much as possible upon the old methods which have been in force there, or to improve them?—The East India Company always acted in that way; but on the other hand, that Company was not forced by English public opinion into improvements to the same extent that the Queen's Government has been.

5395. Then you think that for the sake of improvements you might, to a certain extent, disregard native prejudice?—Not the prejudice of the mass of the people, for it is on them that the security of our power rests; but we might disregard the prejudice of the upper classes, who always have the means of crying out more loudly than their numbers, or the justice of their case would entitle them to do.

5396. Where do you draw the distinction between the upper classes and the masses of the community?—The agricultural and the artisan on the one side, and the trading classes on the other.

5397. You do not refer to offending the feelings of the native upper classes?—The native middle classes; the upper native classes we generally consider to be native princes, and the representatives of old houses, the aristocracy, towards whom I think, Lord Canning's policy was most admirable, and should always be followed.

5398. I am speaking now of the upper middle classes; you would not mind introducing new methods of taxation offending their feelings?—I think not; their wealth is entirely due to our rule, and they ought to contribute a fair share of it.

5399. Has not their opinion a very considerable effect upon the opinion of the classes beneath them; are they not able to lead them?—That is because the classes beneath them have not hitherto been educated; but we are now entering on an extensive system of vernacular education, which in the course of two generations ought to make the lower classes of India hold their own in a way they have never done before.

5400. You would not mind offending the feelings of the upper middle classes when that time comes?—No.

5401. You think it would be safe to disregard their feelings politically, and to impose on them such taxes as would be consistent with our English views of political economy?—If not very much opposed to their own prejudice as to the modes of taxation. As to the amount, we should exercise our own judgment.

5402. Under the present state of things, as long as Malwa is shut out from the sea, it is absolutely necessary, if we are to have any revenue at all from Malwa opium, that it should come to us in the form of a pass duty, is it not?—I think so.

5403. Do you think it desirable to apply that system to Bengal?—Very desirable.

5404. In the form of a pass duty from the place of its growth, or an excise duty on the article at the place of manufacture, or in the form of an export duty on leaving India?—In the form of an excise duty in the place of manufacture.

5405. Mr. *Fawcett.*] You referred just now to the fact that in spite of a very great rise of wages in Bengal, owing to the introduction of railways, the mass of the people were not better off, the labourers were not better off in consequence of these increased prices?—That is so.

5406. Could you give any estimate of what the increased prices were during the last 20 years, we will say?—It is very difficult to assert anything of the whole of India.

5407. In Bengal, with which you are more acquainted, can you say there were?—In Bengal, I should say that the rise of prices has been not less than 30 per cent. since the Crimean war, which was almost contemporaneous with the extension of the railway system of India.

5408. Then I want to direct your attention to this point; there has been a constant rise of prices going on in Bengal and other parts of India; in other words, a constant depreciation in the value of silver; if that is the case, if prices are constantly rising many of the items which go to compose the expenditure of Government must be constantly increasing, must they not?—My belief is that prices for a time have reached their maximum. As a matter of fact, prices have declined from that maximum in the poorest of the Presidencies, that of Madras, during the last three years.

5409. But would you not attribute a part of the increased expenditure of the Government to the rise of the prices of commodities?—Certainly; the rise of prices has forced Government to increase the salaries of all uncovenanted appointments, and has increased the cost of the army.

5410. And if the rise in prices should go on (you think it will not, but suppose it does go on) although the policy of the Government remains exactly the same as it is at the present moment, their expenditure must increase aguinst their will?—If the rise of prices goes on that would be the result.

5411. At the same time there are many items which compose the revenue of the Government which may be regarded as stationary, and which do not advance with the rise in prices; is not that the case?—That is the case.

5412. This possible rise in prices, therefore, has a very important influence on the balance of the expenditure and revenue?—Thus far that it puts Government in the position of considering the necessity of imposing new taxes or making the existing taxes more profitable.

5413. Defining equality of taxation according to the well-known definition by Adam Smith, namely, taxing people in proportion to their ability to pay, according to your opinion, taxation presses most unequally and most unjustly on the poorer classes of India, does it not?—Compared with the classes above them.

5414. That inequality and pressure would be greatly intensified if the financial policy of the Government should require them to increase the salt duty?—It would. But the Government at present desires so to equalise the salt duties that the very high rate charged in Bengal shall be reduced to the level of the other provinces.

5415. That being the case, do you suppose that the revenue from salt is likely to be maintained?—The revenue from salt would be increased, by leading to a much larger consumption. The present tax on salt has certainly operated to check the consumption to some extent of human beings, and to a very large extent of

of animals; so that a great deal of the sickness of the natives in India, the mortality caused by the epidemics, and the extension of the cattle plague recently, have all been attributed to the insufficient amount of salt allowed to the people under our present high tax.

5416. You are probably aware that several persons who have been engaged in the official collection of the salt revenue have given very distinct evidence before this Committee, that the present duty on salt does not interfere with its being used for cattle, and does not in any way, or scarcely perceptibly, limit its consumption among the natives; do you think, from your experience, that that opinion is altogether erroneous?—I have studied the subject very carefully, and have investigated it in different gaols, both in Madras and in Bengal, and I have come to the same opinion as Lord Lawrence's Government, that the salt tax has reached the very highest point at which it would be proper, financially, or as a matter of justice, to place it.

5417. At present it is taxed far beyond the proper point, in your opinion, because if it were reduced a larger revenue would be obtained?—From larger consumption.

5418. Consumption would be increased so as to make up for the reduction of the tax?—Yes.

5419. You have said that the opium duty is not one on which we must place great confidence, as to its being retained in its present amount; but that in all probability we must look forward to a gradual reduction in the amount which it yields?—That is my opinion.

5420. That being the case, considering the revenue only, and the balances of revenue and expenditure, would it not be, in all probability, necessary, unless there is greater economy to impose a new tax to make up the deficiency?—I think that the deficiency can be met, to some extent, by limiting the expenditure upon public works, and also by reforming the public works department, so that we shall get better work for our money.

5421. That would come under the general head of having increased economy, and at the same time increased efficiency; but suppose that is not done, and that the present policy of management in India continues with the prospect of almost a certain decrease in the opium revenue, it would, under those circumstances, be necessary to impose some new tax, would it not?—Or to add to the existing taxes.

5422. There are very few, if any, of the existing taxes, which you could safely add to with advantage, are there not?—The excise duties, and, if it were unavoidable, as in Mr. Wilson's time, the income tax might be taken at 2 per cent., instead of at 1 per cent., as at present.

5423. But you think, if I understand your evidence right, that any new tax imposed on the upper classes would be unpopular, and if imposed on the lower classes would be unpopular and dangerous?—And unfair, so far as the lower classes are concerned; the mere unpopularity with the upper classes of the natives is a matter that we should not consider, if our duty is plain.

5424. Mr. *J. B. Smith.*] You stated an opinion that the increase of the tax on salt has a tendency to diminish the consumption?—It has had that tendency.

5425. We have had it in evidence that in spite of the increase in the tax on salt, the consumption has increased?—I should say that it has not a tendency to diminish the existing consumption, but to diminish the natural increase of that consumption up to the limit which it ought to reach.

5426. But have you ever taken into consideration the effect of cheap carriage upon the price of salt?—That has very much to do with it.

5427. When a railway is made of 200 miles, where the salt was previously carried in bullock carts, is not that equivalent to a reduction of the tax on salt?—It is so equivalent to it that I believe that but for the extension of our railway system, it would have been impossible for Government some years ago to raise the tax in Bengal to its present limit, or for the Madras Government to increase the tax as it did last year, in order to meet the financial deficit.

5428. So that in fact, although there has been an increase in the tax on salt, it has not been felt by the people?—Not so much, owing to the facilities of carriage.

5429. Sir *W. Lawson.*] With regard to the opium, it is the smoking of the opium which you presume does more harm than eating it?—That is generally believed.

5430. And the great bulk, or almost the whole of the opium which we send to China, is adapted for and prepared for smoking?—Yes.

5431. *Chairman.*] The opium, as sent to China, is not prepared for smoking?—It is not necessarily prepared for anything.

5432. Sir *W. Lawson*] As a matter of fact, it is more smoked than eaten?—Yes.

5433. Sir Charles Wingfield spoke about high duties having the same effect as prohibition in regard to spirits in India; I presume that there would be no difficulty at all in carrying out prohibition, and that the natives would like it better than a system of high duties if the Government chose to adopt it?—There would be little difficulty in regard to that in India.

Tuesday, 23rd May 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Grant Duff.
Sir Thomas Bazley.	Mr. Eastwick.
Mr. Beach.	Mr. Robert Fowler.
Mr. Birley.	Mr. Hermon.
Mr. Bourke.	Sir Wilfrid Lawson.
Mr. Cave.	Mr. Lyttelton.
Mr. Crawford.	Mr. M'Clure.
Mr. Cross.	Mr. John Benjamin Smith.
Mr. Beckett Denison.	Sir Charles Wingfield.
Mr. Dickinson.	

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. THORNVILLE THOMAS COOPER, called in; and Examined.

Mr. *T. T. Cooper.*

23 May 1871.

5434. *Chairman.*] YOU have been for some years, I think, in China?—I have been for five years in China.

5435. And you have travelled extensively in that country, I believe?—I have travelled from east to west in China.

5436. Did you in the course of your travels obtain information respecting either the consumption of opium in China, or the cultivation of opium in China, or both?—During my travels I had extensive opportunities of noticing the cultivation and the consumption of opium and its effects on the people.

5437. Did you find that the cultivation of opium in China was increasing or otherwise?—I cannot say of my own knowledge that it is increasing; but speaking of inquiries that I made of French missionaries who have lived many years in China, I may say that I was told by them generally, that so far as 34 years ago, when they went out to China as young men, the growth of opium was unknown in the province of Szechuen.

5438. Can you state, generally, under what conditions it is grown in China in its economic production?—The production of opium in the province of Szechuen and the production in the province of Yunnan rather differ: that grown in Szechuen is grown rather under the ban of the officials although allowed to be grown, and there is much less grown there than in the province of Yunnan; that grown in Yunnan is preferred by the inhabitants of Szechuen and commands a higher price in all the markets.

5439. Is that an irrigated province?—No, it is grown on the higher lands; on the high and dry land, crops are sown about the beginning of January, and in the month of March I observed that the plants were about three inches high; they are sown in rows probably from 15 to 18 inches apart. The plant in Szechuen grows, as the Chinese express it, short and fat; it grows on an average three heads to a plant, or three pods to a plant; it is harvested about the end of April, but it suffers a good deal from showers of rain in the harvest in Szechuen and in Yunnan also. I think it is in the end of April that it is harvested.

5440. Did you ascertain at all at what cost the opium was produced in any given condition?—No, I cannot speak to the cost of the crop.

5441. Did you ascertain what sort of quality the native-grown opium was as compared with that imported from India?—Very inferior; the Yunnan opium is next in price and in the estimation of the people; and the Szechuen ranks last as most inferior.

5442. Did you ascertain at all what profit was derived by the cultivator, or by any intermediate agent?—In Szechuen the profit on opium crops may be said really to be nothing, for they grow just sufficient for their own use; I am speaking of three years ago; they then were growing just barely sufficient for their own use, and there was a small trade between Yunnan and Szechuen, that is to say, that opium was exported from Yunnan into the province of Szechuen.

5443. Did you find out whether that trade was considered profitable or otherwise?—To small dealers, those men who purchase 20 and 30 taels worth of opium, make a profit probably of from four to five taels on an outlay of 30 taels; that, at least, is what I made myself on an opium transaction.

5444. Are there any steps taken to levy any tax on the opium grown in China?—No; no direct Government taxes are countenanced; but the mandarins permit people to grow it on receiving a secret fee. The satellites of the Yamuns generally find out where the opium is cultivated, and a fee now silences all opposition.

5445. Does that amount to a serious charge upon the cultivation?—It does; I dare say they would grow more if it were not for that prohibition, and the consequent feeing of the mandarins.

5446. Do you know at all what per-centage on the cost the fees and gratuities amount to?—No, I could not speak to that; the probability is that a fee of a tael or two per field of opium will be the extent of the bribe.

5447. Then we may understand that there is no general exportation of opium from these provinces to any amount?—When I passed down the Yangtsze in 1868, I inquired at the Hankow Customs House if there had been any exportation

tion of Szechuen or Yunnan opium to Hankow, and then I could not learn that there had been any exported to Hankow.

5448. Did you ascertain at all what was the produce of opium of any particular quality or condition per acre, or any other measurement?—No, I had no opportunity of making such observations.

5449. Do you know whether it is grown in any other provinces in China?—It is grown in many provinces; there is some grown in Kwei-Chow, and in Shansie, and I have heard of its being grown in Hoonan, but I cannot speak to the truth of that.

5450. Is it grown in any of these provinces on a large commercial scale, or merely as a garden crop for consumption?—It is what I should call a dabbling crop at present; the natives grow a little for their own consumption, and not for trade, excepting in Yunnan; there is a slight trade between Yunnan and Szechuen.

5451. Did you find the opium imported from India very largely diffused then throughout the country?—No, the Indian drug never goes to the west of China; the people of the west of China will not smoke the Indian drug.

5452. Is the consumption limited to certain provinces?—The consumption of Indian drugs is chiefly confined to those provinces, which are reached by our open ports on the east coast.

5453. What portion of the whole population of China may be said to be consumers of the Indian drug?—The population of the eastern provinces, from the province of Pechelee southwards.

5454. Could you state numerically what is the population?—I could not state it nearer than to say that the Indian drugs are confined exclusively to Eastern China and the native drug to Western China, drawing the line between Eastern and Western China at Hankow.

5455. Did you find that the consumption of the Indian drug was extending at all, or diminishing, or in what state is it?—I should say that the consumption of our Indian drugs has been increasing in Eastern China for some time.

5456. I mean in the area of consumption?—Yes, as we open up ports on the Yangtsze, for instance, and as the rebels from the Eastern Provinces recede, and trade revives, so I think that the consumption of Indian opium spreads.

5457. You think that the consumption of the interior was limited by the difficulty of getting it transported into the interior?—That is in the eastern part of China.

5458. Do you find that there is any increase of consumption as regards the quantity that people consume, or the taste for it?—Yes, I think that it is becoming alarmingly prevalent in Eastern China, and in Western China also.

5459. Is that consumption by smoking or eating?—The Chinese only smoke opium; they are not opium eaters at all.

5460. Have you any idea what quantity an individual who is ordinarily fond of opium consumes?—About an ounce of raw opium a day, is a very good allowance; that is to say, between 15 and 20 pipes of opium is a large allowance for a man. The generality of men that I have seen smoking, and have smoked with, have not taken more than from six to ten pipes a day.

5461. Is that carried on every day in the year?—Yes. If they once become habituated to the use of opium, that is if they smoke for a week or ten days a pipe of opium every day, it becomes almost impossible without some medical assistance to leave it off.

5462. But is there no intermediate stage between the confirmed smokers that you have described, and people who use it slightly?—I have seen in the case of many Chinese, and, in fact, I have experienced it myself, that if you smoke a single pipe of opium once or twice a week, it has very little effect on you; but if you smoke for three or four days steadily, a pipe or two a day, it begins to affect you so seriously, that before you can rouse your energy sufficiently to go about your daily work, you have to take your quantity of opium, a pipe or two pipes.

5463. I want to understand from you what would be about the consumption of a person who might be said to smoke moderately and reasonably, as compared with the consumption of a confirmed smoker, such as I understand you to describe?—I should say that the average smoker smokes from a half to three-quarters of an ounce of opium, and a very great smoker would smoke from an ounce and a half to two ounces and over. In fact there is scarcely any limit to what the old men who have smoked all their lives will do.

5464. Is the consumption confined to all male adults?—No, it is extensively smoked by females, and by boys and young girls from the age of 11; that is in the very lower orders.

5465. How can they afford to spend their money in that way?—Well on the same principle that many drink gin in England that cannot well afford it.

5466. I am looking to the cost that opium would be probably in China; it seems to be a heavy cost considering the low rate of wages in China?—I do not know, I am sure, how they manage to smoke; but I know they are obliged to smoke it, even though they cannot get food they must have opium, and they go without their food in order to have it.

5467. Do you know the cost of an ordinary pipe of opium in any smoking house?—No, I could not say what it is. It cost my chair-coolies that carried me for about two months, 150 cash per evening.

5468. What does that represent?—A thousand cash is equal to one tael. I have got the tael down at the value of 6 *s.* 8 *d.*

5469. How many men were there in that instance?—I had eight coolies to carry my chair.

5470. What would their wages be?—250 cash per day.

5471. They smoked three-fifths of their wages, then?—Yes, they allowed themselves 100 cash for food.

5472. Each man had 250 cash per day?—Yes, and out of it spent 150 on opium.

5473. And how many pipes do you suppose he smoked?—I must tell you that these chair-coolies, and all labourers of that description, such as boatmen in the great water highways, are very much addicted to opium; they are great smokers, and they would commence to smoke about eight o'clock, p.m., and would be smoking till three and four o'clock in the morning.

5474. Do they do severe manual labour?—Yes; they carried me, on an average, 20 miles a day.

5475. Then that would represent the extreme consumption by a labouring man?—Yes, and I think that if I speak of the boatmen and the chair-coolies,

Mr. *T. T. Cooper.*

23 May 1871.

coolies, or carriers of China, I speak of a very large portion of the poorer class who consume a greater quantity of opium than the higher and middle classes do.

5476. Do you think that there is much room, then, for an increased consumption per head of the people who now smoke opium, or that it may be regarded as having reached quite a maximum consumption?—I do not think that it is possible that it could be worse than it is without the calamity becoming so great as to give rise to very strong measures on the part of the Chinese Government.

5477. Do you think that the area of consumption has not diminished as regards the extent of the provinces in which Indian opium may be consumed?—No, I think that for Indian opium there would be room for greater consumption. As the Eastern Provinces of China become more settled, after the effects of the rebel inroads, Indian opium may be consumed in greater quantity.

5478. Do you think that that consumption of the imported drug is likely to be checked, or met by the consumption of the native-grown China opium?—I think that unless the Indian drug is able to be put into the market as cheap as the native drug, the native drug will be forced into competition with it.

5479. We have not yet got from you what is the relative cost of the native growth now in China as compared with that of the imported opium at any given point. Will you have the kindness to state that?—I made the following calculation while residing in Yunnan: Indian opium costs 20 per cent. more in Eastern China than native drug costs in Yunnan, and Yunnan opium is worth in Western China 30 per cent. more than Szechuen opium.

5480. Sir *C. Wingfield.*] You say that these men who were very great smokers, your chair-coolies, went through a great deal of hard work in the day; then the consumption of opium had no debilitating effect on their physical strength?—While they were labouring under the influence of that opium, that is, as long as they had their opium every day regularly, they could perform prodigies in the way of work, but if they lose their opium for one day the effect becomes terrible; a man will lie on his bed with the water streaming from his eyes, and listless, and altogether disinclined to eat, and unable to sleep as the result of it.

5481. Is this immoderate consumption of opium supposed to shorten life?—That is a question that interested me very much with regard to these coolies. I never saw a grey-headed chair-coolie.

5482. Have you any opinion as to whether the extension of the cultivation in China is likely to cause a falling off in the revenue derived in India from opium?—I do not think that for several years to come the native-grown opium can in any way affect the Indian drug.

5483. You think that the Indian drug will always command a market in China from its superior quality?—From its superior quality in this way, that if a man has been accustomed to smoke five pipes of Indian opium in order to work up his stamina to the proper pitch, he must smoke 10 pipes of the native drug, and more to cause the same effect.

5484. You said that the people of Yunnan and Szechuen, the more Western Provinces, will not use the Indian opium, and that the use of the Indian opium is more confined to the Eastern Provinces?—Yes; those who are accustomed to the native-grown opium in Western China will not look at the Indian opium.

5485. Why?—They say it is too strong.

5486. Therefore these people that you described were smoking the native drug?—Yes.

5487. They could not have smoked that quantity of the Indian drug, I suppose?—They could have smoked it, but the effect would have been greater if they had not got their supply. They would probably, after smoking it a week or two, have had to spend 350 cash for their proper quantity of opium.

5488. Is not the native drug mixed with the imported, so as to lower the price of the imported?—I should say it is probable that in Quantung, that is the province of which Canton is the port, the native drug is mixed with the Indian drug.

5489. You have also been endeavouring to effect a passage from China to Assam; you went into Thibet, did you not?—Yes; through the Eastern Kingdom of Thibet.

5490. Did you find opium much consumed in Thibet?—No; Thibetans never touch it.

5491. Is no opium grown in Thibet?—None whatever; not in any part of it. I should mention, by way of proving that the Western people will not touch the Indian drug, that I met a Nepaulese ambassador in the Province of Szechuen in the capital, and he had several hundred chests of Indian opium with him which had been transported from Nepaul free of cost by Thibetans into China, and it was offered there in Szechuen, at the capital, at one-third the price of the common native drug, and yet he could not sell a chest.

5492. He had bought it as a speculation?—Yes, as a speculation. The ambassador in coming from Nepaul has, I think, 1,500 horses allowed him to go to the Court of Pekin, and these 1,500 horses on this occasion were, many of them, used for carrying opium.

5493. Mr. *Crawford.*] What is the staple food in the district of the Province of Yunnan?—Rice and pork.

5494. Is the rice imported, or is it the produce of the province?—It is the produce of the western plain of Win-cheang-chien principality.

5495. The same soil that produces rice would not produce the poppy, extensively cultivated, would it?—The same ground, provided it is not swampy, would; I have seen opium growing alongside of a paddy field that has been newly irrigated.

5496. And would any extensive cultivation of the poppy in China displace the cultivation of grains for food?—Yes, very seriously.

5497. Do you think that would of itself be a bar to the extension of the cultivation of opium, so long as they can import it on reasonable terms?—Yes. The system of rice cultivation in China is this, that in the month of February the paddy fields are all flooded with water, and this water is allowed to remain on the field for two or three months; in fact, later, for nearly four months the fields are flooded, and at the end of April they begin to sow the paddy. The paddy fields must be irrigated all this time to fructify them, and as they are sowing the rice they are reaping the opium.

5498. Up to what latitude can they grow rice in China?—I do not exactly know. I know that the

the Northern Provinces do not grow rice; they use flour made from wheat. I think in Shansee they grow very little rice, and in Pechelee, and other northern provinces.

5499. Did I rightly understand you to say just now, that in consequence of the progress of the rebellion in the Eastern Provinces of China, the consumption of opium has been extended?—No, the Yunnanese as a body, that is the Mahomedan Yunnanese, do not smoke opium; it is against their religion. Still there is a very large Chinese population that do smoke it in the eastern parts of the province.

5500. Mr. *Bourke.*] Have you ever been in any place in China where the native drug, and the Indian drug, come in competition with one another?—No.

5501. As a fact, then they never are brought into competition with one another in China?—I could not say what it might be now; it is certain that in Hankow and Shanghai I never heard of the native drug at the time I left China in 1868; in fact, having seen so much opium in China, I made a point of inquiring at the Customs whether there had been any opium from up river.

5502. And in Western China does the Government encourage the growth of opium?—It does not encourage it, because there is a standing order which was issued by the grandfather of the present Emperor prohibitory of it; but the officials wink at it; as long as they get their bribe they do not care.

5503. Sir *Wilfrid Lawson.*] I see in the Report of the Delegates of the Shanghai General Chamber of Commerce, presented last year to the House of Commons, that at page 23 they say, "We were told that in Szechuen a man can buy enough for a day's consumption for 20 cash, and that the use of the drug is becoming universal, even among the peasantry; the popular belief is that already eight men out of every ten, and one-half of the women, smoke. The spread of the habit seems to be exciting alarm among the wealthy classes, for we were told that a reaction was setting in among them, and that they began by their example to discountenance the use of the drug;" does your experience corroborate that?—Not entirely; when I purchased opium in Szechuen and my coolies also, as I have said, they paid 150 cash for their supply; 20 cash did not buy sufficient for a day, either for my coolies, or for any other person that I saw smoking.

5504. "We were told that in Szechuen a man can buy enough for one day's consumption for 20 cash, and that the use of the drug is becoming universal even among the peasantry;" is that according to your experience?—I have already said that there cannot be much greater consumption without causing such a calamity, that the Chinese themselves will cause a reaction. I do not think 20 cash will buy sufficient for the supply of opium for one day.

5505. Then on page 24 the delegates say, "There is so much concurrent testimony to the fact that the actual consumption of the drug in China is growing steadily year by year, and at even a faster rate than it did before 1854, that no other conclusion can be arrived at than that native-grown opium is actually superseding the Indian product;" is that correct?—Not in Western China, most decidedly not; there is no Indian opium in Western China; it never goes up river at all.

5506. That remark applies, then, solely to Eastern China?—Solely to Eastern China if native drug is superseding Indian opium, and I do not think it is.

5507. Does the prohibition of the cultivation of the poppy still hold good?—No, it is a dead letter quite.

5508. But it is not taken off the statute book?—No, it still remains as a prohibition.

5509. How do you account for its remaining there, and not being observed at all?—As in the case of most other laws in China that are not carried out, the mandarins are so corrupt that wherever they can sell the law they will do it.

5510. But the object of the prohibition was to prevent the consumption among the people?—Yes; the edict was promulgated by the present Emperor's grandfather, who killed his youngest son when he was found smoking opium, and after that took place he published this edict, that no one should smoke opium, and that it should not be cultivated.

5511. Do you remember the date of that?—I cannot give the date; I know that it was issued by the grandfather of the present Emperor.

5512. I presume that the opinion of the masses of the people would not support the authorities in carrying out that edict, as far as you know?—Well, the Chinese themselves all admit that the effects of opium smoking are bad; in fact, I have had hundreds of applications from Chinese for medicine to destroy the influence of opium; they asked me if I could give them anything which would destroy their appetite for opium; they themselves have no drugs, nothing to alleviate the craving for it; having once taken to smoking opium they must go on; the native doctors cannot deal with it in any way.

5513. Do they smoke tobacco largely?—Yes, very largely in Western China; in fact, all through China they are great smokers.

5514. Do those men who smoke tobacco seem to have a craving for the opium also?—Yes; opium smokers are all tobacco smokers, more or less.

5515. I suppose an inferior sort of opium means opium which does not stupify them so quickly?—If I might draw a parallel, it is the difference between a very weak Havannah cigar and a very strong one.

5516. It does not affect them so quickly?—No.

5517. Their object in smoking is speedily to be affected in the peculiar way in which opium does affect the brain?—Yes; their object is to be speedily affected, but the term stupify is not expressive of that effect.

5518. I think, in one part of your evidence, you said that you had never seen any grey-headed coolies; but previously you mentioned having seen old men who had smoked all their lives; is it the case that you have seen men who have smoked opium all their lives?—Yes; you often see men of 50 or 60 smoking opium; but then a man of that age, a confirmed opium smoker, probably spends 16 hours out of the 24 in smoking. For instance, before he can rise to dress himself in the morning, he must have several pipes of opium; then he will go on three or four hours during the day very briskly; then, towards the afternoon, he gets restless, his eyes begin to run, and probably at five o'clock he will commence again, and smoke till two or three in the morning.

Mr. *T. F. Cooper.*

23 May 1871.

5519. The fact of seeing old men who had gone on in that way for some time seems to indicate that the use of opium is not a means of shortening life?—I do not believe it is, if they get their supply; it is a matter of supply merely. If they get their supply all their life they never feel very much from it; but the moment their supply is stopped they soon collapse.

5520. From what you said about the coolies, I conclude that they are able to do an immense deal of work?—Yes; the effect of opium is, that they are able to do an immense deal of work; but the moment the supply is stopped the effects are terrific.

5521. But it does not appear to shorten life much, and it seems that those who use it are able to work hard. Whence, then, arose the great objection to it on the part of the authorities?—It is an expensive luxury, and causes, like drink in our own country, very much distress. The women and children of the families suffer from the vice of the father, and in a great many instances the women smoke too, so that they spend all their substance on opium.

5524*. Perhaps your idea is that the objection of the Chinese authorities to it principally arose from the ruinous expenditure which it gave rise to?—Yes; from the poverty which it brings on those who are addicted to it.

5522. Do you think, from your own experience in travelling over China and investigating these matters, that the use of opium there causes as much public injury as the consumption of drink in England, as far as you can see?—Yes, I think that the effects of opium smoking in China are worse than the effects of drink in England, as far as my experience goes.

5523. But it does not cause the amount of crime that we suffer from in this country as the result of drink?—No. A man when he commences to smoke lies down on his bed and does not get up till it is finished. It is very costly and very dangerous in this way: that if a man has been in the habit of smoking opium and he has not money to supply himself with opium, his constitution then receives such a frightful shock, that it shows very quickly; but as long as he takes his regular quantity of opium every day he does not feel anything; he must have it, but it does not destroy his health because he eats and he works, but if he loses his supply of opium on Monday morning, on Tuesday morning he will be ruined for work all the rest of the week; he will not pick up again, the system seems to fall so from the want of opium.

5524. And probably a man accustomed to it all his life would die?—They do die in China from that cause. In the more populous parts which I have gone through, generally after starting on my journey early in the morning through the suburbs of the towns, before the watch have had time to go round, it is a very common thing to see half-naked men lying dead simply from want of opium.

5525. I understand that you think the evils which arise from the consumption of opium arise from the poverty that it causes, and not from any crime; that it does not lead to crime?—It leads to crime in this way; that men will do anything, they will sell their children, their wives, their mothers, and their fathers, to get opium.

5526. Mr. *Birley.*] Is the edict prohibiting opium universally disregarded, or are there provinces or districts in which the mandarins are sufficiently upright to maintain the law?—Everywhere it is disregarded.

5527. I suppose it was not on the score of distress that the Emperor of China put his son to death for smoking opium?—He considered it a vicious habit, and was very angry at finding his son indulging in it. It was rather an accident. The boy was brought before his father, charged with having smoked; his father kicked him, and caused his death.

5528. Can you tell me whether the craving for opium is supposed to be natural, or merely an acquired taste?—I think that a Chinaman who has never smoked opium has no desire for it.

5529. If they had not smoked opium in early life, they would not require it?—No.

5530. You spoke of the middle and upper classes as not smoking to the extent of the lower classes. Can that be because they smoke in secret, do you think?—No, I think that the higher classes of the Chinese consider it rather degrading to smoke opium, but I invariably found that the mandarins, and higher classes who do smoke opium, are much more inveterate smokers than the poorer classes; that is to say, they can afford to buy more, and indulge to a greater extent.

5531. Mr. *Beach.*] What action do the Chinese government take with regard to the introduction of Indian opium; do they take means to prevent it in any way?—No, I think they rather like it than otherwise, it gives them a certain revenue.

5532. They levy an import duty upon the Indian opium, do they?—Yes; there are several taxes levied on the introduction of foreign opium. The Chinese Government, of course, say that they are very badly treated in having the opium forced on them, and that it is against their wish; but really the Government do not care so long as they get their revenue; they care very little what becomes of their people, not only in regard to opium, but in every other respect.

5533. Is there a legitimate import duty paid to the Government?—There is one tax (I think it is a war tax) that I remember in Shanghai that was levied by order of the Taotai, and he is the representative of the government; all natives buying the opium from foreign hongs had to pay 30 taels a chest to the Taotai. This tax of 30 taels a chest that I speak of (there may be an import duty that I do not know) was levied only on the purchaser, not on the foreign importer; that is, when the opium was sold by a foreign hong and handed over to the natives, this tax was levied on the natives who purchased the drug and by order of the Taotai, and it was called a war-tax.

5534. They obtained profit from foreign opium, and the edict only goes to the poppy grown in their own country, therefore?—Yes, and the edict of the Emperor probably refers exclusively to the cultivation of opium in China.

5535. And if opium is grown in China they would not obtain any revenue from it, except what was surreptitiously obtained by the mandarins in defiance of the order of the government?—Yes; that is what the mandarins at present reap; that is why the prohibition is a dead letter.

5536. Mr. *Hermon.*] I think from your evidence it would appear that the effect of opium smoking is rather to stimulate than to act as an opiate; I understand you to say that these Chinese coolies cannot do their work until they have taken a large quantity of opium every morning?

morning?—Yes, it is a stimulant most decidedly; if a man does not get his opium in the morning he cannot do anything.

5537. In the primary introduction of opium, or the primary taste for opium, when a man begins smoking opium what is its first effect; is it an opiate, the man then requiring an extra amount as a stimulant?—I can only speak as to its effect on myself; on the first occasion of my smoking a pipe of opium it gave me a headache, and I could not sleep all night; and on the next occasion it made me feel rather comfortable than otherwise; the same as a pipe of tobacco would do after being deprived of tobacco for a day or two.

5538. Mr. *Lyttelton.*] Sir Frederick Halliday told us that the emperor's edict was especially dropped for the purpose of meeting us English, and putting an end to our trade; do you think that that is too strongly stated, or are you not aware that such was the case?—The edict has not been dropped; we have had no notification of it, I believe; at least I never heard of any notification to that effect; in fact, if I mistake not, the Chinese government at Pekin in a memorial to Sir Rutherford Alcock, urged as a plea against the introduction of opium, the existence of this edict.

5539. Was that a short time ago?—Within the last year, or year and a half.

5540. Sir Frederick Halliday referred to papers which show that the Chinese Government are deliberately, and wilfully, and of set purpose, encouraging the growth of opium in China, with a view to revenge themselves upon us, and to stamp out our opium revenue; that they are openly and avowedly doing it for that purpose; have you any remark to make upon that?—If the Government are encouraging the growth of the native opium at all, to affect the Indian drug, they must pass it through the custom houses on the great water highways, and in that case a reference to the annual customs returns of China would show whether the drug is being sent from Western China to Eastern China or not, and to what extent it is being sent.

5541. Mr. *Eastwick.*] Do you know at all whether the Taepings or the Mahometan rebels put down the opium smoking to any great extent?—The Taepings, I think I have heard, set their faces against it, but nearly all the ragamuffins attached to the Taepings were opium smokers, as far as I was able to observe.

5542. You do not think that there was any great diminution of opium smoking in that way?—No; the Mahometans in Yunnan set their face entirely against the use of opium. It is against their religion.

5543. They punish people, I suppose, for the use of it?—No; I have heard of no punisment; I know they did not punish when I was among them, because some Mahometans in Yunnan did smoke secretly in my rooms fearing the censure of public opinion, nothing more.

5544. I suppose that about three pipes of opium a day would be rather beneficial than otherwise if a man could keep to that?—No, I think not; because if a man is in the habit of smoking three pipes a day, and by any misfortune he could not get his supply of opium he would be very ill.

5545. Even with so small a quantity as that?—Yes; I can give an illustration of that; I had a Chinese coolie from Thibet, who joined me at a place called Batang, about 200 miles from the capital of Szechuen. He had been taken into Thibet by a Chinese mandarin, and he agreed to return with me to China for three taels, that is to say, about a pound, and I asked him if he was an opium smoker, when he said "No." After I had started a day or two's journey into the mountains I discovered that he was an opium smoker, smoking six pipes every day; the fatigue of travelling in the mountains, I suppose, had made him smoke more opium than he could afford, that is, 12 pipes, and at the end of five or six days he became stupified and useless for want of opium, so that I eventually left him behind in a state of insensibility.

5546. Do you think that if the opium smoking was put down there would be the drinking of spirits instead among the Chinese?—They are very heavy drinkers of spirits; I think they would drink more.

5547. Do the opium smokers drink the sanshoo?—Yes; but it is impossible to put down opium. You would destroy one-third of the population of China if they were deprived of opium.

5548. It could not be done now?—Not now; only by a strict system of registration from the birth; it might be wiped out by legislation in this way.

5549. Then to stop the trade on the eastern coast would be a great national calamity?—If Indian opium were stopped at once it would be a very frightful calamity indeed. I should say that one-third of the adult population would die for the want of opium; and the Chinese Government in wishing to stop it are acting, as they generally do, without any idea of the welfare of the people.

5550. Is much opium given to people in the boats and in other places?—Yes; it is difficult to go into any of those places without having a pipe of opium forced on you.

5551. And is advantage taken of the smokers to rob them?—No; there is not much in that way for the smokers are not stupified. I have not observed or heard that robberies are frequent in these places, but a great many of the respectable middle-class youths become opium smokers from frequenting the houses where the opium pipe is produced at once.

5552. Is there any opium smuggling along the coast?—I could not speak to that.

5553. Mr. *Beckett Denison.*] I have here the Report of the Delegates of the Shanghai Chamber of Commerce; will you turn to page 23, the second paragraph, the latter part of it; "For the last five on six years or more, especially since the death of the Viceroy Loo, in 1867, it has been grown more openly in Szechuen, and although an Imperial edict was again issued last year strictly forbidding it, and though the Viceroy of Szechuen issued a proclamation to the same effect, yet the executive authorities have found it absolutely necessary to shut their eyes to the existence of the plant; and it is significant of the impotence or the venality of the Chinese authorities, or the discord between the Imperial and provincial governments, that the white poppy fields may be seen on the most conspicuous places on the Great River route, while the cultivation of it is nominally punishable with death;" is that your observation?—Quite so.

5554. Then it goes on, "The consumption of

Mr. *T. T. Cooper.*

23 May 1871.

opium in China generally is, by all accounts, increasing at a very rapid pace," is that also your observation?—Yes, I think it is quite true that it is increasing.

5555. Do you know at all why the Chinese authorities up the country are obliged to shut their eyes to the fact, although it is prohibited?—Simply because there is such a large proportion of the population who smoke it, that they dare not and cannot prevent them; they must have it; as I say if the Chinese to-morrow wished it, and the Indian Government were to stop sending opium into China, it would be the death of one-third of the population.

5556. And yet the habit of opium smoking, as it is carried on at the present day, is a habit which has grown up comparatively of recent years, is it not, since 1830?—No, the habit of smoking opium on the western borders of China has existed for a great many years; probably, I might say, a couple of centuries; the tribes of the Lantsan-kiang, and those tribes bordering the northern parts of Burmah and Assam have cultivated opium for generations.

5557. Will you turn to the third paragraph on that same page 23: "When Patna opium had been introduced from Canton, and had made some way in Szechuen and the neighbouring provinces, it was worth, in the early years of the reign of Taoukwang (1821), double its weight in silver; at that time the people cut the opium in slices, which they rolled up in paper, and smoked like a cigar; hence the name ya péén (slice). The opium pipe is believed by the people of Szechuen to have been a Canton invention, dating from about the 10th year of Taoukwang (1830);" do you agree with that?—I should say that it is quite a native idea; in fact, I may say that I am certain that it is not correct; in the first place, opium would not smoke in that way, in slices; I may add that I never heard opium called ya péén by Chinese.

5558. Sir *T. Bazley.*] Do the women smoke as well as the men?—Yes; but not so much.

5559. Mr. *Beckett Denison.*] Do you agree in this, that, after making every allowance, "the fact remains that it is its relative cheapness that constitutes the inducement to use native to the gradual exclusion of foreign opium"?—No; in speaking with regard to Eastern China, native opium is not strong enough. There are two divisions, Eastern and Western China. In Western China, the native drug alone is smoked; in Western China, from beyond Han-kow, the people will not touch the Indian drug at all; it is too strong. And, on the other hand, in Eastern China the people will not smoke the native drug because it is not strong enough.

5560. Will you turn to page 22, and, under the paragraph "Foreign Opium," you will find this: "'Foreign opium is also brought to Chun-king by Canton men, in tins, prepared. Estimated value, 70 *l.*; 80,000 taels annually; all smuggled. It is used as a luxury.'. That may or may not be true?—I should say that very likely as the officials in all the yamuns come from different parts of China; those officials in Western China who are sent direct from eastern provinces. It is the system of the Chinese Government to change every few years, and who have been accustomed to smoking that eastern drug would naturally like to have the Indian opium up in Szechuen with them. But it is quite a luxury, and the consumption of it is so small that it is scarcely worth alluding to.

5561. Would you turn to page 37, regarding another province, Kwei-chow, and you will see this under the heading "Misery of the People:" "The present condition of the people is deplorable in the extreme. Distressing poverty prevails throughout, and in many parts of the country large bands of robbers render travelling from town to town highly dangerous. Opium, which is largely cultivated, taking the place of wheat, barley, and pulse, is, notwithstanding its high relative value as compared with other crops, really an additional cause of poverty, since a large portion of the amount produced is said to be consumed by the inhabitants. The Imperial proclamation against opium has been entirely ignored by the mandarins." Is it actually the fact that the misery of the people can be traced directly to the cultivation of opium?—I have not been in the province of Kwei-chow, and I could not say. I can say one thing as regards the province, that it is inhabited by independent tribes; and all the independent hill tribes of Western China cultivate their own opium, and smoke it very extensively.

5562. Then the misery there spoken of may be as much owing to the banditti and robbers as to any other cause?—Yes, nothing more likely; these, in fact, are hill banditti; and that is the reason that the province is so thinly populated; they have never been subdued by the Chinese.

5563. Do you believe that it will be entirely beyond the power of the Chinese Government to put down the use of opium?—It is beyond human power to put down opium smoking in China at once without sacrificing the population.

5564. Mr. *J. B. Smith.*] Can you form any idea of the proportion that the exports of Indian opium bear to the whole consumption of opium in China?—No, I should say that it was impossible to find out what the consumption of opium is in Western China; I should not like to speak of it myself; as the only Englishman who has travelled in Szechuen and Yunnan, I should be inclined to take native reports with very great care; the Chinese in speaking of those matters have no idea of numbers.

5565. Mr. *Beckett Denison.*] Have you any knowledge of the province of Shantung?—No.

5566. A gentleman, who has been in China, says that although they are large opium smokers they are amongst the finest of the Chinese population; would that agree with your experience?—I have already stated, that as long as a man has his supply of opium, it does not appear to affect him; it is the want of it that affects the man.

5567. Mr. *J. B. Smith.*] Do you think that a great part of this misery which exists in the eastern districts of China is attributable to our exports?—I think that the effects of the Indian drug on the eastern Chinese of the very lower orders are bad and lamentable.

5568. And that has increased since our exports?—I should say very considerably.

5569. Mr. *Grant Duff.*] After your return from Western China you went back, I think, to Shanghai?—I came back from Thibet through Shanghai.

5570. And then you went to Calcutta?—Yes.

5571. And I dare say there you were asked a great many questions about opium, were you not?—Not in my first visit to Calcutta.

5572. But later you had the opium question brought a great deal before you?—Yes, I had.

5573. And what is your general opinion; do you think that we have much to fear in India from the competition of the native drug, or not?—I do not think that we need fear any competition of the western drug, provided we will give the Eastern Chinese the Indian drug at a moderate price; and even at the present prices I do not think that for several years to come the western, or the native drug will compete with the Indian drug. I stated this opinion, I may observe, two years ago in a memorandum written for the Chamber of Commerce in Calcutta. It was anticipated two years ago that the demand would fall off; and I stated then what I have stated now, my belief that the native drug would not enter into competition with the Indian drug for some years to come. But that it might do so, with high prices of the Indian drug, is very probable. There is the power of growing it in China, and there is a population to cultivate it, and there is a population to consume it. Therefore, if we wish to cut off all competition between native and Indian drug, we must reduce the price of the Indian drug, or we shall force on competition. Those are my ideas.

5574. Have you formed any opinion how much we should reduce it; what would be a reasonable price per chest?—No, I could not speak to that. It could be easily ascertained from the quotations in the Hong Kong and Shanghai opium market as to the price of the two drugs.

5575. Have you formed any opinion as to the cause of the unexpected rise in this last year of opium; because, you will remember that everybody at Calcutta expected that there was going to be a great fall, and there really was a rise. Can you at all explain that?—I should think very likely it is owing to the eastern provinces of China being freer from rebel raids, and the greater facility for trade, and of carrying it into the interior. The western opium crop, of course, would not, and I may say that it does not interfere with the Indian drug at present, but that it may do is probable.

5576. You think, on the whole, that if our Indian opium revenue falls off considerably it will be simply through our own bad management?—I think so, entirely.

5577. Sir *Wilfrid Lawson.*] In regard to what you said about the people dying if the opium consumption were cut off, I suppose that if the consumption were stopped under favourable circumstances, if they were not poor, wretched, half-starved people who lived on nothing but opium, but if they had other good food beside them at the time when their consumption of opium was cut off, you would not anticipate any great mortality among them?—Yes; the mortality would be quite the same. A great number of cases go to the native hospitals erected at Hankow, Shanghai, Canton, and other places; and very bad opium cases are occasionally recovered by European medical treatment, that is to say, other stimulants are given to keep up the body until they recover strength; but it is rarely that they recover.

5578. But you are quite convinced that, in the case of confirmed opium smokers, the stopping of their consumption of the opium would make them in every way worse physically than they were when they went on with the opium?—Yes; a man who smoked opium for five years, and who dropped the opium, would simply die; he could not work, he would die of inanition.

5579. As far as you could learn, was the country what we should call better and more prosperous, a generation or two generations ago, before this great consumption of opium coming into fashion; was there less poverty and were the people better off?—No, I do not think so. I think that for several generations the Empire of China has been suffering from a plethora of population in many parts. In Szechuen they have had an enormous population, and also in Yunnan, that has been cut off by the Mahomedan rebellion. A good many of the eastern provinces, where opium is extensively smoked, have been suffering from enormous populations, and there has been great poverty. I do not think that opium smoking is really the cause of all the great poverty in China. The effects are very bad and lamentable, but I do not think that it is all due to opium smoking.

5580. You think that the country would be better without it?—I think so, undoubtedly.

5581. But there is every prospect of the consumption increasing, you think?—It is sure to increase; it must do so.

5582. Then in that case, as they spend so very much of their wages on it now, of course we cannot hope for any great increase in any other kind of trade with China?—I do not think that it will affect the piece goods trade in China at all. The only fear I see in Western China is of a shortness of the staple article of food, namely, rice. If we allowed the native drug to compete with the Indian drug and find a valuable market, then the Western Chinese might cultivate opium, at the expense of their rice crop, for sale; and in that case the misery would be such, that you cannot contemplate the results of such a step; the poverty of the people would become horrible.

5583. Is not it the case now, in the eastern parts, that they cultivate it at the expense of their rice crops?—To a certain extent; but I have already said that there is not such a great deal of opium cultivated in Szechuen. Yunnan is the great opium field; because even the people of Szechuen themselves like the Yunnan opium in preference to their own.

5584. There is no hope of the state of things with regard to opium getting better, I suppose, as far as you see, but there is every prospect of the consumption going on increasing?—It is hopeless to think of stopping the consumption of opium if the Chinese are left to themselves; and I should say that like every other vice it will increase, especially with a people so peculiar as the Chinese; to what extent it may increase I cannot say.

5585. Mr. *Birley.*] Can you state what is the general opinion of European medical men as to the effect upon the constitution of the Chinese of this extravagant consumption of opium. When they are called in in cases of disease do they find the constitution particularly affected and debilitated by it?—I cannot speak with certainty as to whether I have heard medical men express any opinion about it; I may say that the widespread opinion among Europeans in China is, that opium does debilitate the constitution. My own experience, as I have said, shows me that unless the man is deprived of opium after being accustomed to it his constitution suffers very little.

Sir HENRY BARTLE EDWARD FRERE, K.C.B., G.C.S.I., recalled; and further Examined.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

23 May 1871.

5586. *Chairman.*] I THINK you are acquainted with the steps that have been taken by the Government of India to regulate the customs revenue for some years past?—Yes.

5587. Will you be good enough to inform the Committee what has been the course of legislation in that respect since a general system of customs was introduced by the Government of India?—I think up to the year 1846 there were considerable variations of the practice of the different presidencies, though the customs laws were nominally nearly uniform. About that time, in a Despatch dated the 22nd of April 1846, in consequence of the Report of the Committee of the House of Commons upon cotton cultivation, an implied pledge was given by the Court of Directors that several customs reforms should be carried out. These customs reforms embraced the abolition of export duties except the duties on indigo, and the abolition of the port to port duties, the coasting duties, and, thirdly, the abolition of double duties on foreign bottoms. Both the latter reforms, the abolition of the coasting duties and the abolition of double duties on foreign bottoms, were carried out a couple of years afterwards.

5588. Were the customs duties reviewed subsequently to that?—Yes, they were reviewed in 1857. On the 23rd of February, Lord Canning as Governor General, asked the Court of Directors to state their general views regarding customs duties, and begged that if the court had no particular views to state, his Government, the Indian Government, might have leave to prepare a general scheme of customs for all India, with a view to compensate for the relinquishment of what were called the Moturpba duties, duties on trades and professions in the Madras territory, which had not been relinquished in Madras at the time that they were abolished in the rest of India, and also with a view to reducing the salt tax in Bengal. Among the further reforms which were suggested in the same Despatch of 23rd February 1857, it was proposed to equalise duties on British and foreign manufactures, and also the duties on manufactured and unmanufactured goods; secondly, to exempt a great number of small articles which produced a very trifling amount of revenue each; thirdly, to abolish the export duties, and, fourthly, to augment the import duties. All these suggestions were offered just before the mutiny broke out, and for a time the mutiny suspended all further discussion on the subject; but two years afterwards, in consequence of the financial embarrassment caused by the expenditure in the mutiny years, on the 7th of April 1859, Lord Stanley wrote to the Government of India and pointed out the necessity for increasing the revenues of India, or reducing charges in order to cover the financial deficit. He observed that as all economies must be very tedious in operation it was desirable in the first instance to augment the revenue; and he devoted this despatch to the consideration of the customs. After reviewing the former course of correspondence on the subject, he directed that the Government of India should hold their hands as regarded anything that would cause a reduction of income; and with regard to the four propositions which were submitted by the Government of India in the Despatch of the 23rd of February 1857, Lord Stanley directed that the duties on British and foreign manufactures, and on manufactured and unmanufactured goods, should be equalised by raising the duties on British goods to foreign rates. He also directed that drawback should be abolished, and that a difference should still be maintained between partially and wholly manufactured goods. The second proposition, to exempt from duty those articles on which the amount of revenue received was very small was negatived, and the proposition to abolish the export duties was also negatived; and an increase of the export duties was directed in some cases, especially on indigo, and shellac, saltpetre, borax and one or two articles in which it was believed India had a practical monopoly of the market. With regard to the import duties, he directed that they should be raised to 7½ per cent. on raw produce, and on half-manufactured goods; to 10 per cent on manufactured goods of most descriptions, and 20 per cent. on luxuries. These are merely the general features of the Order.

5589. Were any steps taken by the Government of India consequent on that despatch?—Yes; shall I mention the conclusion of Lord Stanley's Despatch?

5590. If you please?—He directed some reforms in the way of substituting fixed rates on weights and measures, instead of a charge *ad valorem*, and he calculated that these measures would give the Government of India about 75 lacs of rupees, or three quarters of a million pounds sterling more revenue. At the end of the Despatch, he acknowledges the letter of the 5th of February 1859, from the Government of India, which generally agreed with the views which he had expressed. Then on the 14th of March 1859, the Government of India wrote a letter which crossed this Despatch of Lord Stanley's and forwarded Act 7, of 1859. This Act raised the duties very much to the pitch directed in Lord Stanley's Despatch; and there was a clause inserted in the Act which gave power to add the increased duty to current contracts which had been made under the old law, so as to throw the increased duty on the buyer. On the 26th of March in that year, 1859, a very strong remonstrance was made by the mercantile community in Bombay; in fact, there was a very considerable feeling expressed throughout the whole of India on the subject of this customs measure.

5591. When you say "expressed throughout India," do you mean by the natives or by the Europeans?—Chiefly by the Europeans. And a memorial from the Chamber of Commerce in Bombay was forwarded by Lord Elphinstone's Government, pointing out that the action of Act 7 of 1859 would be very much to derange their trade, and that the retrospective clauses would be practically inoperative, owing to the number of hands through which a great part of the trade, especially the piece goods trade, passed; and they suggested that instead of this customs measure, measures of direct taxation of incomes, which did not pay other taxes to Government should be considered, and also some measure for payment of a stamp duty on bills of exchange, and on cheques, and, thirdly, a succession tax. These papers were forwarded to the Government

vernment in England; and on the 25th of May 1859, Lord Canning's Government acknowledged Lord Stanley's letter, and pointed out that the orders received had in effect already been carried out, except that the duty on cotton yarn was only 5 per cent.; that 10 per cent was levied on unwrought metals, and duties rather higher than Lord Stanley had proposed, on beer, tobacco, and spices. On exports no increase was levied, except on grain, and for special reasons reduced duties, or duties lower than Lord Stanley had contemplated, were levied on raw silk and tobacco. Subsequent to this period, Mr. James Wilson went out as financial adviser to the Government of India, and one of the points to which his attention was particularly directed, was to meet the objection, and irritation which had been excited by these very heavy customs duties. On the 29th of June 1860, the Governor General in Council, addressing the Secretary of State, replied to the objections which had been brought forward by some of the mercantile bodies, and pointed out that the duties had been altered, and that whereas the duties stood in 1859 as follows: on yarns, 5 per cent.; on piece goods, 10 per cent.; on haberdashery, millinery, and hosiery, and articles of luxury of that kind, 20 per cent.; in 1860 these duties were all uniformly fixed at 10 per cent. But it was observed that the objections of the mercantile community appeared to refer rather to a new tariff of valuations, the operation of which very materially modified the bare letter of the customs law.

5592. I think in the Act of 1859 the views of Lord Stanley in levying the duties on the quantities, and not on the value, were not carried out; it was still an *ad valorem* system, except as regards spirits and liquors?—Yes, I think it was generally *ad valorem*; and the despatch of the Government of India observed that they found, on reference to Bombay, that there were very great discrepancies in the practice of the three Presidencies, especially as regarded the tariff of valuations on which duties were levied, and that they had, therefore, ordered a general committee to assemble at Calcutta to fix a uniform tariff of valuations for all India, or to consider the possibility of it. These observations were directed to meet the objections which had been made by mercantile bodies, both in India and in this country, but they were addressed to the Secretary of State; it was also pointed out that trade was much depressed by cholera in the interior of the country, and letters were enclosed from the Bombay Government, and from Mr. Spooner, who was a very experienced Commissioner of Customs at Bombay, and who pointed out that in Bombay the merchants had always been taken into council with regard to the fixing the tariff of valuations, and that in consequence the Bombay tariff was a better and more business-like one than that at Calcutta.

5593. That is to say, the valuations in the tariff?—Yes, the price list; then, in June of 1860, a committee was appointed at Calcutta, consisting of Mr. Spooner, from Madras and Bombay, Mr. Bullen, a merchant of Calcutta, to represent the mercantile community, and Mr. Ashley Eden, who is at present acting as Commissioner in Burmah, and who was then Secretary to the Board of Revenue in Bengal, on behalf of the Bengal Government; and they forwarded a Report on the 26th of October 1860, submitting for sanction a uniform tariff, with some important customs reforms, and many suggestions for customs reforms; and since that period there has been much more uniformity of practice throughout the customs administration of all India. In 1867, on the 7th of January, there was a Report, by a second tariff committee, consisting of Mr. Bellasis, to represent the Government of Bombay, Mr. Hunter Blair, to represent the Government of Madras, Mr. Crawford, to represent the Government of India and the Bengal Government, and Mr. Schiller, a merchant of Calcutta, to represent the mercantile community, with Mr. Lane as secretary; then they submitted a further revised tariff of valuations, calculated to meet the changes in prices which had occurred since the last tariff committee reported.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

23 May 1871.

5594. What was the result of their labours?—Generally, I think, there had been a great rise in prices, but very considerable variations in most of the articles; they submitted a new classification of articles, and a very considerable reform, which cost very little, by putting a number of petty articles on the free list; instead of enumerating the free articles, and leaving all others dutiable; they enumerated the dutiable articles and left all others free; they submitted suggestions also for altering the duties on wines; for reducing all dutiable articles to 97 imports, and nine exports, with an extra duty on grain in order to make up for the loss. Mr. Crawford recorded a dissent from both these suggestions; he concurred in the report, but he dissented from both suggestions, and gave very powerful arguments to support his dissent; on the 19th March 1869 there was another tariff of valuations; and in 1870 Act 17 was passed; it fixed the import duties generally on this footing (I give merely very generally the features); 7½ per cent. on manufactured goods and raw material; 3½ per cent. on twist; 5 per cent. on piece goods; 1 per cent. on iron, and 10 per cent. on tobacco; and on exports, the principal duties were 3 rupees a maund on indigo; 3 annas a maund on grain; 4 per cent. on lac, and 3 per cent. on oil, seeds, cotton goods, hides, and spirits.

5595. Has any change been made since then?—Since then the present customs duties are fixed by Acts 13 and 14 of 1871; they have only just been received, and they embrace the law as it is now.

5596. Do those Acts contain now the whole of the import and export duties for India?—Yes.—(*The Acts were handed in*, vide *Appendix*.)

5597. I see there are both the value on which duty is assessed, and the rate of duty stated in the Schedules to the Act?—Yes.

5598. Is the duty to be levied on the "rate of duty," or on the previous column?—Besides the Act which fixes the rates of duty leviable, there would be from time to time a tariff of official valuations of dutiable articles which would guide the levy of the duty.

5599. This Act repeals all the former rates, and various duties then existing?—Yes.

5600. Is this Act in the present year based on any new principles, or is it a mere correction of details of the former duties?—Generally there have been considerable reductions in the duties; not to any great extent during this present year, but the general result has been that from 10 and 15 per cent., which were the rates formerly prevailing, duties have been lowered to 7½ and 5 per cent.,

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

23 May 1871.

cent., which are now the general rates of import duties.

5601. Have you any papers which will enable you to state the amounts which have been levied from customs for the revenue, under the different systems that you have described?—I could give from these papers, which have been previously laid before Parliament, the total amount of custom duties for a great many years past.

5602. Would you now state them, with reference to the dates fixed for the changes of the system, what was the amount when first the consolidation was begun?—I think about 1846 was the time; it is given here, "receipts, charges, and net receipts."

5603. Can you state the gross?—In 1846–47 the gross receipts in Bengal were 771,970 *l.*; in the North Western Provinces, 136,578 *l.*; in Madras, 151,040 *l.*; in Bombay, 307,137 *l.*; there was a total charge for collection of 186,036 *l.*, and a net customs revenue of 1,180,689 *l.*

5604. Without going into the details of the several presidencies, what was the total gross amounts in the next period?—In 1856–57, customs, exclusive of salt (they are given in this general abstract statement of revenues and charges of India for 15 years), amounted to 1,197,897 *l.* gross. Then I think the next year would be 1859–60, the gross revenue then was 3,203,515 *l.*; then in 1869–70, it was 2,429,185 *l.*; and this table, which I am about to hand in, gives the customs, exclusive of salt, for 1869–70, in each presidency, with the expenditure; the gross amount is 2,429,185 *l.*, and the expenditure is 181,456 *l.*, leaving a net income of 2,347,721 *l.*

5605. Mr. *J. B. Smith.*] That is not the estimate?—No; the actual.—(*The Table was handed in*, vide *Appendix.*)

5606. *Chairman.*] Have you anything more to add on the subject of customs revenue; do you wish to make any suggestions on the subject?—Only that it seems to me that the duties now are almost as low as is consistent with any hope of getting considerable revenue from them; the present Government of India seems fully alive to the necessity of carrying out such reforms as have been suggested, in the way of exempting articles which yield very little revenue, but their hands are tied at present by their financial difficulties; the only reform that seems to me extremely desirable (and even for that it would be necessary to wait till their finances were easier) would be the abolition of the export duties; and that is a reform which, I think, might be carried out probably with very little loss of revenue; because, with regard to a great many of these export duties, such, for instance, as the export duty on grain, besides the general objections which apply to it, your circumstances in India give you a very considerable share by the increase in your land revenue, of any increased production of grain, which might be the consequence of the export duties being removed; it has been suggested on rather high authority lately, to abolish customs duties altogether in India, but I must say that seemed to me rather a millennial sort of reform, which would be very desirable in itself, but was not to be practically considered at a time when you are not in a position to give up 2,000,000 *l.* of indirect revenue.

5607. Have you the amount of revenue derived from each of the principal articles last year?—I will have a return prepared, and hand it in.

5608. Having regard to the considerable reduction that has taken place in the gross amount of customs duties, do you think it would be impossible to bring the customs duties back again to the amount that they formerly realised?—There is this difficulty, that the interests of India and of England on that point seem rather at variance. No doubt some considerable increase of revenue might be realised by increasing the import duties, say, upon piece goods and yarns, but the direct result of that would be to diminish consumption and to stimulate production on the spot, and of course it is not desirable if you can avoid it, to increase duties upon necessary articles of clothing; in one sense it is quite for the benefit of the Indian tax-payer that the poorer classes should get their clothing in the cheapest possible markets, and materials for clothing are not among the articles which, if it could possibly be avoided, you would select for taxation.

5609. Do you think there is any great amount of contraband importation into India at the present time?—I should think that under these low duties there was not much room for smuggling.

5610. Do you think that there was much smuggling when the duties were higher?—Undoubtedly there was. Some set-off against the abolition of export duties might be found in a system of stamps, possibly, which might enable the Government, by levying a stamp duty, to declare exports free, with a less sacrifice of revenue, than they could do without some set-off; but that, of course, is a question always of balance of advantages.

5611. Have you any reason to think that the export of commodities would be increased in quantity if the export duties were removed?—I have no doubt of it. The saltpetre trade was entirely strangled by the export duty upon saltpetre, and I have no doubt that the indigo trade is in considerable danger from the same cause. Formerly, both saltpetre and indigo were almost monopolies of India. Saltpetre was produced in other countries, and particularly on the Continent; and in Belgium they discovered the means of making it artificially, which was so much stimulated by the very high duties imposed on saltpetre that they got to make the artificial saltpetre very cheaply, and the trade in the natural saltpetre was very seriously injured, and probably will never recover. In the same way the high duties on indigo stimulated competition in Java and other countries, and though they have not got native indigo at all equal to Indian indigo, between artificial dyes and the improved indigo of other countries, the indigo of Bengal will probably be run rather close. In the same way the rice duties in Burmah no doubt put the Burmese export grain trade at a great disadvantage as compared with Siam and other great rice producing countries which are close at hand.

5612. Do you know whether any drawback is allowed on export from Burmah to Bombay, or any other part of India, on grain or other commodities on which duty has been paid?—I am not sure how that is.

5613. You do not know what the present law is with reference to the import into one part of India of any commodities for which an export duty has been levied in another part of India?—There is no port to port duty in India now.

5614. Would grain from Burmah to Bombay be free of duty?—I am not sure; I will ascertain that. But Burmah is differently treated with regard

regard to its grain duties from the rest of India, I think.

5615. Do you know why that is?—No; I am not aware that there is any good reason for it. There is the reason that there is a considerable export grain trade which there is not elsewhere.

5616. Has it any reference to the desire to levy a tax upon the grain grown in the territory of the King of Burmah?—No; there are frontier duties which would secure any object of that kind without the intervention of the sea customs.

5617. Mr. *Crawford.*] I see that the recent Act applies to British India; what is the definition of British India?—All India under the Government of the Governor General.

5618. Including Burmah?—Including British Burmah.

5619. And Aden?—Yes.

5620. I suppose that notwithstanding the difference of circumstances in the extensive region over which British India extends, a uniformity of duty is necessary unless you introduce a system of duties upon transport from one port to another?—Yes, I see on reference to the Act that with regard to the Burmese duties I was clearly wrong just now; grain of all sorts is subject to an export duty of 3 annas per maund; that would be invariable on all exports from all Indian ports, to all ports out of India.

5621. Then a duty would be levied upon grain exported from one Indian port to any other Indian port?—No, because these duties are leviable only on exports out of British India.

5622. Have you any return by you of the proportion of the total receipts which are derived from the export duties as distinguished from import duties?—Yes, they could be given. I have here the gross amounts for all India.

5623. What is the whole amount derived from the export duties for the whole of India?—£. 530,509.

5624. Could you furnish us with an account of the sums provided by each separate article?—Yes.

5625. I think I understood you to object upon broad principles to the imposition of an export duty?—Certainly; it seems to me to be in every sense a duty which you can only justify on grounds of pressing necessity.

5626. Was it not upon that ground that Mr. Crawford in Calcutta dissented from the other Commissioners?—Yes; I could read you his dissent if you would like. He says, "With regard to the extra duty on grain, my objection is based first on the ground that all export duties are indefensible except under the direct necessity of the State. They are contrary to the principles of political economy, and holding this view I cannot recommend that a certain amount of wrong having been already done to the trade of the country by existing export duties, a further wrong should be perpetrated by adding to the export duty in grain."

5627. Do you concur in those remarks?—Certainly.

5628. He was opposed in that view by the other Commissioners?—Yes, he was alone.

5629. He was opposed by Mr. Bellasis, who represented the Government of Bombay, and by Mr. Hunter Blair from Madras?—Yes; it had been remarked that the greater part of the grain exported was consumed in Mauritius, and in other countries, where an import duty was levied on it, and that the only effect of the export duty being remitted, would be that the import duty at the Mauritius, and in other places, would be raised. To that Mr. Crawford answers, "If the governments of other places are ill-advised enough to put heavy import duties on certain articles, I do not see that we are bound to retaliate by also putting a heavy addition to the export duty here."

5630. Do you agree with him in that?—Entirely.

5631. Do you know what duty is charged upon the importation of grain into Ceylon?—No; I believe it is one of the principal items of customs revenue there.

5632. And is an export duty charged upon the grain going out from the Indian ports to Ceylon?—Yes, it would be chargeable.

5633. You were referring just now to the article of saltpetre; is it not the case that the export duty was very much augmented in the time of Mr. James Wilson?—Yes.

5634. And is it within your knowledge that great objection was taken to that in this country, both in Parliament and out of Parliament?—Yes, and it was very much discussed in the Government of India at the time; I was afraid that the results would be what they have been, and I stated my objection at the time; but it was based rather on a theoretical opinion as to the certainty of chemistry in the long run effecting anything that was possible in the way of manufacture, rather than upon any proved fact; I have no doubt that if Mr. James Wilson had lived this duty on saltpetre would have been very speedily removed.

5635. It was based on the false assumption that India was the only source from which supplies of saltpetre could be obtained, or supplies of any article equivalent to saltpetre, for the purposes of commerce?—Yes.

5636. And is it not the fact that the effect of that was to stimulate chemical ingenuity in some parts of Europe, and to cause the introduction of an article which has superseded, to some extent, saltpetre?—Yes.

5637. And I believe that that was the direct consequence of the price of saltpetre being enhanced by the imposition of this heavy export duty in Calcutta?—The attempt to manufacture saltpetre on a great scale, artificially and cheaply, had been made before in Belgium. Of course it was very much stimulated by the additional export duty.

5638. Saltpetre is a natural product of the soil; is it not, to a great extent?—Yes; in India it is a natural product of the soil, whenever there is a certain amount of animal matter mixed up with the ordinary soil of the district, and it is found in any place where there are old ruins, or former habitations, or where there has been much animal life formerly.

5639. The duty on saltpetre in India now has been altogether withdrawn; it is free, is it not?—Yes; the only articles now subject to export duties are cotton goods, grain of all sorts, hides and skins, indigo, lac, oil seeds, and spices.

5640. Do you know whether the removal of the duties has had any effect in reinstating the export trade from Calcutta of saltpetre?—I have not heard what the effect has been.

5641. With regard to indigo, is it not the fact that there is a very large production of indigo now in Central America?—I believe, in Central America and Java; and also great efforts have been

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

23 May 1871.

been made to produce it in the West Indies, in Jamaica, and elsewhere.

5642. The effect of the duties is, *pro tanto*, is it not, to place the Indian production at a disadvantage as compared with the indigo that is brought from Guatemala to this country, which pays no duty?—Yes; I have understood also that some of the chemical dyes lately invented are likely to interfere seriously with the use of indigo.

5643. I am told that the effect of the export duty bears very heavily on the lower qualities of indigo manufactured in the Madras Presidency; have you heard that?—Yes; it certainly bears much more heavily in proportion to the low quality of the dye.

5644. That indigo being already subjected to a heavy charge as regards its value, in the form of the tax paid upon the land upon which the indigo is cultivated?—Yes, of course; like any other agricultural produce, the raw material pays tax.

5645. Then again, in the article of hides, I see that an export duty of 3 per cent. is charged upon hides; I believe the trade in hides from India has been a very largely increasing trade?—Yes; it is the growth of late years entirely, I believe, or almost entirely.

5646. And those hides, of course, have to come into competition in the markets of Europe with the hides from the South American Atlantic States, which pay no duty here?—Yes; and from Australia.

5647. And the removal of the export duty in India would, as regards the hides brought to this country, have placed them in a position for better competition with regard to hides from other countries?—Yes.

5648. In fact, broadly speaking, these export duties levied to so large an extent upon Indian productions are, so far as they go, very much aginst the extension of the export trade of India?—Certainly.

5649. Mr. *Bourke.*] With reference to those articles that are exported which are not now subject to export duty, is there an account kept of them?—Yes; a statistical account.

5650. At all the ports?—Yes.

5651. Mr. *Beach.*] With regard to the Moturfa tax, that existed only at Madras, I think?—It was a universal tax up to 35 years ago; it was then reduced throughout India, with the exception of Madras, where it was larger in proportionate amount than elsewhere, and it was temporarily retained there until an equivalent could be found for it, and the proposition of the Government of India in the early part of 1857 was directed to finding an equivalent to enable them to reduce the Moturfa tax.

5652. Were there serious objections entertained to the Moturfa tax?—It was a rather clumsy and antiquated tax on trades and professions.

5653. And the customs duties to some extent are a substitute for it?—It was intended in 1857 to slightly raise the import duties in order to enable the Government of India to get rid of the Moturfa duties; it was supposed that a measure of that kind would, upon the whole, be for the benefit of the country.

5654. But was it popular amongst the people; were they not inclined rather to pay the Moturfa tax, to which they were used, than to pay increased duties on articles of consumption?—It could not be said to be popular; it was not much objected to, because it was an old tax to which they were accustomed; it had been an almost universal tax in all ages in India.

5655. The present rate of import duty does not interfere seriously with the consumption, in your opinion, does it?—Of course any import duty, however light, must interfere with consumption, both directly by the additional price, and indirectly by the delay, and a certain obstruction to trade inevitable at any custom house; but beyond that it seems to me that the rates of the present import tariff are almost as low as you could have them, if you intend to get any revenue at all from customs.

5656. Mr. *Lyttelton.*] We have had contradictory opinions as to the extent to which the great mass of the population share the burdens caused by import duties; what is your opinion on the subject as to the poorer classes, who are the great mass of the population, I suppose?—A great part of their clothing pays import duties; I should say that the poorest native of India paid occasionally import duties upon his clothing and upon such few articles of luxury as are used in the shape of spices and sugar and beads, and things of that sort.

5657. And no class you think is too poor to be able to purchase such articles as foreign-made cloth?—Hardly any so poor. There are still considerable districts of India where most of the cotton cloth is of native manufacture, but, generally, the English manufacture is driving out the native throughout the country.

5658. Do you think that, on the whole, that is beneficial to the country?—It cuts both ways. It gives them abundant and cheap clothing, but probably the clothing is not so substantial, and their being clothed by a foreign country sacrifices a certain amount of native industry. However, of late years there has been a very considerable increase of power-loom production in India itself.

5659. We have been told by witnesses from several quarters of India that the salt tax is the only means of taxing the mass of the population. Is your acquaintence with India so general as to enable you to say how that is?—It is one of the most effectual ways of reaching every head of the population, but I have no doubt that there is a very small proportion, and a decreasing proportion, of that population of India which does not in some way or another contribute to customs. Of course it is very difficult where the country is so large, and produces such a great variety of products within itself, to reach all the articles which you would wish to tax through the medium of sea taxing.

5660. As to export duties, I understand that your objection to the present export duty is this, that there is no article of which India as so complete a monopoly as to be able safely to bear an export duty?—Yes.

5661. You would have no objection if there was such an article to put an export duty on it, I presume?—No, I think it would be theoretically a perfectly defensible export duty, but I know of no such article.

5662. I thought you mentioned three or four, amongst them, shellac and borax, of which you said that India had a monopoly?—Borax is perhaps as nearly one of those articles as possible, but still borax is produced to some extent in Italy, to some extent in Chili and it reaches England

England also through China from the borax mines in Thibet, which supply the Indian borax.

5663. No other articles appear to you as susceptible of an export duty in regard of there being a monopoly of them?—I know of none.

5664. Not timber, for instance?—Every kind of Indian timber is run more or less closely by timbers of similar qualities from other countries.

5665. Mr. *Grant Duff.*] I suppose, with regard to the customs your general policy would be to get rid of the export duties as soon as possible?—I think that is the policy of the present Government of India, and a very sound policy.

5666. Would you get rid of them altogether, or only partially?—I would get rid of them altogether, because there is a very great practical benefit in a customs' house, in your exports being altogether free, and examined no further than is necessary for statistical purposes.

5667. And, no doubt, if we ever arrive at that millennial period of which you spoke, you would be willing to sweep away the import duties also?—Yes; but only when, in some way which I can hardly imagine, you got a very considerable amount of indirect taxation by some other means.

5668. Which would you begin with; which duty would you sweep away first?—I think that the course which has been adopted in this country is the sound one, dealing first of all with articles which enter largely into manufactures, and then such articles as enter into building, and clothing, and the materials which are most in use among the largest number of our population. But, as a matter of policy, it seems to me that a tax is to be recommended, I mean as a mere Treasury question, partly because it reaches large numbers, and that when it does reach large masses you have two conflicting motives in dealing with articles which are articles of prime necessity. In one point of view, for instance, a duty on salt, or on clothing, would be very objectionable, it becomes virtually a poll-tax. In another point of view, as a mere matter of revenue, it is one of the best duties that you can have, because it reaches such a large proportion of your population, and consequently is so productive.

5669. I think your attention has been called to one or two answers that were given the other day by Sir Robert Hamilton; I will read the questions and answers to you, and ask your opinion about them. Sir Robert Hamilton was asked this question by the Honourable Member for Stroud: "Supposing Holkar was to raise 300 rupees a chest in addition to what he now does, we must reduce our duty 300 rupees a chest, must we not?" And he replies, "It would be a question between him and the Government." What would you say with regard to that?—I should say not; Holkar can only levy on opium the difference between our duty, whatever we choose to levy at the door of his territory, as it were, and the extreme sum which opium can afford to pay.

5670. And that is exactly what he does levy?—Yes; that is exactly what he does levy.

5671. Then the honourable Member proceeded to ask: "We should, in fact, prevent his levying any duty that would interfere with our revenue; we should take care that all the revenue from opium comes to our Exchequer"? To which he replied, "That we should not be losers." What would you say with reference to that: would you say that that was a fair way of expressing the attitude the Government have taken?—No, I think not; I think that the Government has always considered that they deal with the opium duty as one simply concerning their own Exchequer and the trade in China, and without any special reference to Holkar. As far as I am aware they have always regarded him as the landlord of the territory in which this article is grown, and they have not specially considered whether their dealing with the opium revenue affected him beneficially or otherwise.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.
23 May 1871.

5672. But you do not consider that the Government has done anything that could in any way be represented as unfair or harsh to Holkar?—Clearly not.

5673. Then my honourable friend asked, "There is no existing treaty or anything of that kind which prevents Holkar from levying a higher duty?" to which Sir Robert Hamilton replied, "No; but a treaty might be construed into that, perhaps;" you would not say that that is a fair description, would you?—I am quite sure that that is a view that never could be taken by the Government of India.

5674. Sir *C. Wingfield.*] You say that Holkar could only levy the difference between the rate of duty fixed by the Government per chest, and what opium could bear relatively to the cost at which it is produced?—Yes.

5675. But why is he restricted to that limit; what is there to prevent him from putting on a duty of 200 or 300 rupees a chest?—Because, if he did it, he would strangle the trade.

5676. He is not bound by treaty, is he, to consider our tax upon opium, in putting his duty upon the opium?—No, but practically that would be the effect; I will give an instance; supposing that we levy 500 rupees a chest, and that the utmost that the chest will bear without stopping the trade altogether is 600 rupees, Holkar's powers of taxation are practically limited to that of 100 rupees.

5677. That I perfectly understand, but as an independent prince, and not restricted by any treaty, why is he bound to consider our opium revenue?—Simply because we have got the door of his territory.

5678. *Chairman.*] Is there no convention respecting the opium?—There is a convention which enables us to levy a pass duty at Indore, in his territory as a matter of convenience, to prevent our having to levy it on the road between him and Damaun; but that was merely a matter of administrative facility, not with any reference to what he was making from the opium.

5679. Sir *C. Wingfield.*] But supposing him to be an independent prince, as independent as the King of Nepaul is; we could not constrain him to submit to this imposition of duty if he was opposed to it, could we?—I do not imagine we should dream of constraining him; we should simply say "You may levy what you please, we also shall levy what we please;" and, practically, as we have got the road to the sea and the seaboard, he is in the position that I have described.

5680. Then I understand that by controlling the channels of exit from the territory, and by having the command of them, we put him in this position, that if he was to levy a heavy duty, and we at the same time continued to levy ours, practically no opium could get out of his territory?—Precisely so; you have the turnpike roads leading from his estate, and you do not interfere with what happens in his estate, further than to levy your turnpike tolls.

Sir *H. B. E. Frere*, K.C.B., G.C.S.I.

23 May 1871.

5681. Then the position of his territory constrains him to submit?—There is no submission,

5682. We might, if it suited our purpose, put on so tremendous a duty as practically to preclude all exportation of opium from his territory altogether?—Clearly.

5683. Mr. *Lyttelton.*] So could he, could he not; the trade is practically at his mercy?—Clearly he might do it if he liked.

5684. Mr. *Grant Duff.*] But he has a distinct gain from every chest of opium that passes?—A very great gain, and it is a most profitable cultivation in itself.

5685. In short, he makes the best of his natural advantages, and we make the best of ours, that is all?—Clearly so.

5686. Sir *C. Wingfield.*] Except so far as this, that if we would lower of our duty on Malwa opium he would be a gainer by it, because he would put on so much more?—He might do so.

5687. Mr. *Lyttelton.*] Do you know whether it is found by experience that a rise or fall in our rates is followed by a rise or fall in his rates?—I am not sure whether that has been observed at all.

5688. He only gets 10 rupees a chest, I think?—Yes.

Sir RUTHERFORD ALCOCK, K.C.B., called in; and Examined.

Sir *R. Alcock*, K.C.B.

5689. *Chairman.*] You are Her Majesty's Representative in China?—Yes; I am Her Majesty's Minister there.

5690. You have resided there for some years, I believe?—For a quarter of a century.

5691. During that period have you become acquainted with the circumstances under which opium is either produced or consumed in China?—In the last year or two my attention has been very pointedly directed to both by the uneasiness of the merchants engaged in the trade as to the cultivation of the poppy in China; and in consequence of that, I took steps to inform myself as far as possible, and to get all the information that I could.

5692. Will you kindly state to the Committee what was the result of that information, or the character of it?—I think, perhaps, it will save the time of the Committee, if you will allow me to first give a statement of what were the general conditions I found existing there.

5693. Can you state what were the conditions as regards the cultivation?—As regards the cultivation, and its bearing upon the trade, as well as the influences bearing upon both in reference to the political condition of China. As I have mentioned there was very general uneasiness felt among the chief mercantile houses in China towards the end of 1868, and Messieurs Jardine, Matheson, and some other firms had a reference made to me to know whether I could ascertain for them how far the reports were true, that there was a large and increasing cultivation of the poppy; upon which I took what steps were in my power, and sent a circular to the different consuls, in order to obtain, on the spot, information from native sources. The trade for the three or four years preceding, I learnt from the merchants, had been a losing trade, and the demand for Indian opium seemed to have been checked; that is to say, its progressive increase, which had been very remarkable for many years before, seemed to be stopped, all of which pointed to some cause that was interfering either with the consumption or with the demand for it. In January 1869, one of the censors, Yuen-ho-chuan by name, memorialised the Crown, requesting that the cultivation of the poppy might be prohibited. (These censors call everyone, from the emperor down to the lowest official, to account, if they find anything contrary to the laws or traditions of China.) In consequence of this, there was an edict which appeared in the "Pekin Gazette" of the 29th of January, referring to this memorial, praying for prohibition, and to previous edicts to that effect, enjoining the high officers and the magistrates in the provinces to enforce the prohibition against the cultivation of opium in the sense which the censor had demanded. I can show hereafter the terms in which he spoke of the cultivation of the poppy, and of the injury which opium did to the nation; giving, in fact, the Chinese view of the trade. On the 16th of February, I sent a despatch to Lord Stanley on the cultivation and taxation of opium, with various enclosures. I was sent to the India Office, and also to Calcutta and I should be very glad if you would permit me to read two or three passages from it, because they will show in what state our information was at the beginning of 1869, when my attention was most pointedly directed to it. I began by saying "Some anxiety having been expressed by shippers of opium from India, as to the increase growth of the drug in China, and a desire conveyed to me through Messrs. Jardine & Matheson for information, I addressed a circular to Her Majesty's consuls, directing them to furnish me with all the data they could collect. Mr. Consul Medhurst will have already transmitted by my direction, copy of his Report, and I now have the honour to enclose one from Mr. Lay at Kiukiang. In the notes furnished by Mr. Cooper some further information will be found, as regards the extent of cultivation in Szech'uen and Yunnan, and the causes of its increase; also, in the enclosed accounts drawn from the local press. It appears that the native drug is not only far less costly than the Indian (one-half the price) but greatly preferred by the Chinese, for the same reason that they prefer their own tobacco leaf, as less potent in its effects and consequently in all probability much less injurious. If Mr. Medhurst's information is to be relied upon, nearly two thirds of the rich and fertile Province of Szech'uen is under opium cultivation and one-third of Yunnan; opium, in such cases, taking the place of the natural products of the country, of rice, silk, cotton, sugar, &c." Then I go on to say: "It is not surprising, therefore, that the Chinese Government, by the issue of a prohibitory decree, of which a translation is enclosed should make some effort, however feeble or unsuccessful, to stem the flood and denounce the growth of opium before two thirds of the whole soil is taken up in the production of what mankind in general consider (Messrs. Jardine and Matheson's opinion to the contrary notwithstanding) a noxious and demoralising drug, instead of healthy food for the millions who till the ground, and by industry render China rich in a great variety of alimenta

produ

products fit for the sustenance of man. The censor may well consider 'the cultivation of this plant is attended with grave prejudice to the people's means of subsistence.' If they could even believe with Messrs. Jardine that the opium pipe is 'productive of healthful sustentation and enjoyment to many scores of thousands,' there will still be a very excusable prejudice in favour of rice, corn, and sugar among the million. Such products will still be held by the vast majority of mankind to offer a better and more healthy sustenance for the human frame, and to be more essential to national vigour and growth than all narcotics and stimulants the earth can supply. According to the memorial of the censor to which this imperial decree is due, the cultivation of opium beginning in Kansu has spread to Shensi and Shansi, and has now gradually extended to Kiangsu, Honan, Shantung, and other provinces, in a word, all over China." Then I say, "I do not anticipate the decree will be much more effective than imperial decrees are in general." "To return, however, to the opium question, and its influence on commercial prospects, there is no doubt that the tendency of this wide-spread cultivation of opium on the soil of China is to diminish the demand for the Indian drug." I draw attention to this assertion of mine because I know it is contested in various quarters. "And although Mr. Cooper's return" (this is not the Mr. Cooper whose evidence you have had to-day, but an acting consul in China), "forwarded by Mr. Lay, would seem to show no material reduction in the demand, and the imports to meet it at Kiukiang and Hankow, it cannot be doubted that such a result must follow." Mr. Cooper merely spoke, of course, of the immediate area of observation where he was posted. There is a report from Mr. Macpherson, the Commissioner of Customs at Newchang, the most northern of our ports, which shows that even there it had spread in a province where one would have fancied that opium could not well be grown. We learn from it that the culture of the poppy had been introduced in a still more unexpected quarter. In his valuable report on the trade of Newchang in the year 1867, Mr. Macpherson informs us, "Careful and well-distributed inquiries tend to show that since the opening of Ying-tzu to foreign trade" (that is the official name of the port of Newchang) "this commodity has become in the interior cheaper by one-half, whilst the number of smokers has been trebled. In a little village among the highlands that form the northern border of the Yêng-t'ien hill district, I lit upon four or five acres given up to the cultivation of the poppy; an acre there yields 200 taels weight of the drug. It was spoken of as being well-flavoured, but deficient in strength, and was 20 per cent. cheaper than foreign opium. Further north, near the Mongolian town of Pohtun, it is sown on a larger scale, but with smaller results, an acre only yielding 100 taels weight." A tael is an ounce and a third; and as the value of foreign opium is nearly weight for weight of silver, that may give some idea of the value of the crop. "In Kirin the production is carried to a much vaster extent; at least 300 peculs are yearly brought to the market, and the drug is even offered for sale in the shops of Ying-tzu. In the neighbourhood of the producing districts, the presence of the native article must be prejudicial to its foreign rival. At Kirin I found the price of opium considerably lower than at Ying-tzu when I left; the cultivation of the poppy was only commenced in this portion of the empire three years ago."

Sir *R. Alcock*, K.C.B.

23 May 1871.

5694. You say that the foreign opium is worth nearly weight for weight with silver; is that so?—When it is boiled and made ready for smoking, it does approach to that; the price of opium now is about 600 taels the pecul, which is 133 lbs. I have omitted reading from this despatch what did not seem essential; but that which has been given tends to show, that there is a very large and extensive cultivation of the poppy scattered over all the provinces of China, even up to the north, on the Mongolian frontier, where one did not expect to find it. On May the 19th, I had an interview with Wen-seang, who is one of the leading members of the Foreign Office of Pekin, and other ministers, his colleagues. There were no subordinates allowed to be present, and therefore it was strictly a confidential one, and that led them to speak out much more freely on the subjects uppermost in their minds, the missionary question, and the opium in reference to a revision of the treaty, than they would otherwise have done. I should be very glad if you would allow me to read some passages from my despatch on that subject, because it states in the shortest possible way with what view the Chinese Government were then pressing, in fact, for the total prohibition of the opium, as being too injurious to them to be tolerated, or endured. This is a despatch marked "separate and confidential" to Lord Clarendon, dated the 20th of May, but I have permission to read any parts which may seem interesting to the Committee. In that despatch, I said, "His Excellency Wen-seang and two other ministers of the Foreign Board, Tan and Pao, paid me a visit yesterday, during which we had a long conversation on various subjects connected with the revision of treaties, the present state of affairs, and the existing relations between China and foreign states. As none of their attendants are admitted on these occasions, nor any Chinese of my own establishment remain in the room after serving the refreshments; the conversation which takes place is often of a less reserved and more confidential character than when an interview is arranged at the Tsung-li-Yamên" (the Foreign Board). "With no one present but myself, the Chinese secretary acting as interpreter, and the Chinese ministers themselves, both feel at liberty to speak more freely than if the room were filled with servants or persons outside the circle. Neither Wen-seang nor his colleagues are ever likely to speak wholly without reserve; nor can it be expected that they will expose their inmost thoughts on grave matters of state to a foreign minister, towards whom they must always stand in a more or less antagonistic position. Nevertheless, while discussing during two or three hours all those larger questions of policy which directly affect the interests of the two nations, and in no small degree those of all other Western States in treaty with China, the true opinion and sentiments of the speakers must often appear; all the more certainly where there is no fixed order of proceeding or very definite object in view, beyond the interchange of opinions on subjects of grave import to all engaged, and the mutual desire to arrive at some common understanding as a guide to future action." I merely mentioned that as a preamble to show that I had every opportunity of arriving at

Sir *R. Alcock*, K.C.B.

23 May 1871.

what was their real feeling in the matter. The first part of the interview was occupied with that which very much absorbed them, then as now, the missionary question. "From missionary troubles and dangers the conversation diverged to the hostile animus which was so constantly manifested by the literati and all the official class against foreigners generally, irrespective of religious questions." (There was some little discussion which went on then, in which the minister first denied and then rather defended it.) "In the end, Wen-seang shifted his ground, and after first maintaining the innocence of the party accused, he admitted that there might be some of the literati who were imbued with a hostile feeling; 'But,' he asked, 'how could it be otherwise?' and proceeded to put in a plea of justification, saying; 'they had often seen foreigners making war on the country; and then, again, how irreparable and continuous was the injury which they inflicted upon the whole empire by the foreign importation of opium." (It came on in that manner; he put it in as a reason why there should be a good deal of hostility). He then added "If England would consent to interdict this; cease either to grow it in India, or to allow their ships to bring it to China, there might be some hope of more friendly feelings. No doubt there was a very strong feeling entertained by all the literati and gentry as to the frightful evils attending the smoking of opium, its thoroughly demoralising effects, and the utter ruin brought upon all who once gave way to the vice. He believed the extension of this pernicious habit was mainly due to the alacrity with which foreigners supplied the poison for their own profit, perfectly regardless of the irreparable injury inflicted; and naturally they felt hostile to all concerned in such a traffic. I only observed in reply to the general tenor of these remarks, that it was quite possible opium smokers might deserve all the evil things said of them, and that the drug was a narcotic, demoralising all who were addicted to its use; although I had received a memorial from Messrs. Jardine & Matheson, loudly proclaiming its innocuousness, and ranking it with wine and other wholesome stimulants and restoratives. But, as regarded the remedy proposed, I could not see of what avail it would be. If Great Britain were at once to allow it to be treated as contraband, and its importation prohibited, China was in no position to prevent its being smuggled in any quantity, even by her own subjects, much less by foreigners; and if even India ceased to grow it, there were many other tropical countries which could and would produce it without limit, while ships under other flags would never be wanting to bring it to the Chinese coast. 'So long as a demand existed, there would be a supply to meet it. The only result of introducing such a clause into the revised treaty would be to transfer a large and lucrative trade to other hands. Great Britain might lose a large revenue, and her subjects an important trade, but China would be just where she was. A great sacrifice would be imposed on the one country, without the slightest benefit to the other. China herself would probably suffer from a larger quantity of the poppy being cultivated in place of rice and other staples of food within her own limits. The only effective remedy lay with the Chinese people. Let them cease to crave for it or consume it, and the drug would very soon disappear from the market. The remedy did not lie with any foreign power; and I doubted how far it was possible, in any country, to make people virtuous by legal enactments or prohibitory laws. Wen-seang replied, that if England ceased to protect the trade, it could then be effectually prohibited by the Emperor" (meaning the cultivation in China), "and it would eventually cease to trouble them; while a great cause of hostility and distrust in the minds of the people would be removed, and thus compensation might be found to Great Britain for a temporary loss; temporary only, since the same fields now devoted to the cultivation of the poppy could be made to grow rice or cotton, or other profitable products. With this irreconcileable difference of opinion as to the efficacy of the remedial measures, there was little to be gained by continuing the discussion, and we passed on to other subjects. This is the first time any serious proposition has been made to reconsider the step taken in the Treaty of Tien-tsin, removing opium from the list of prohibited articles." This was the state of affairs in May, while the negotiations were going on for the revision of the Treaty, from which the Committee will see that the Chinese government were determined to make an earnest effort to induce the British Government to prohibit it altogether, and to take it out, in fact, of the list of goods in which trade was permitted. In a Despatch to Lord Clarendon of June the 29th I transmitted a further communication on the growth of the poppy in China, received from Mr. Caine, our consul at Hankow, and this was also forwarded to the Secretary of the Government of India on the same day; and further reports also from Canton, Newchwang and Tien-tsin were sent under cover to Mr. Chapman at the same time. The general result was to confirm all that had reached me as to the large and increasing consumption of opium all over China, and its production at a price varying from 40 to 50 per cent. less than the price at which Indian opium could be put in the market in China. Subsequent to this conference, I received in the month of June, from the Foreign Board of Pekin an official note urging upon Her Majesty's Government the policy of prohibiting the importation of foreign opium as being prejudicial to the general interests of commerce. As the memorial is but a short one, I think it would be satisfactory to the Committee if I read it, instead of giving a mere abstract. "From Tsungli Yamen to Sir R. Alcock, July 1869. The writers have on several occasions, when conversing with his Excellency the British Minister, referred to the opium trade as being prejudicial to the general interests of commerce. The object of the treaties between our respective countries was to secure perpetual peace, but, if effective steps cannot be taken to remove an accumulating sense of injury from the minds of men, it is to be feared that no policy can obviate sources of future trouble. Day and night the writers are considering the question, with a view to its solution, and the more they reflect upon it the greater does their anxiety become, and hereon they cannot avoid addressing his Excellency very earnestly on the subject. That opium is like a deadly poison, that it is most injurious to mankind, and a most serious provocative of ill-feeling is, the writers think, perfectly well-known to his Excellency, and it is therefore needless for them to enlarge further on those points. The Prince" (the Prince of Kung is the president of the Board) "and his colleagues are quite aware that

that the opium trade has long been condemned by England as a nation. And that the right-minded merchant scorns to have to do with it. But the officials and people of this empire, who cannot be so completely informed on the subject, all say that England trades in opium because she desires to work China's ruin, for (say they) if the friendly feelings of England are genuine; since it is open to her to produce and trade in everything else, would she still insist on spreading the poison of this hurtful thing through the empire? There are those who say stop the trade by enforcing a vigorous prohibition against the use of the drug. China has the right to do so doubtless and might be able to effect it; but a strict enforcement of the prohibition would necessitate the taking of many lives. Now, although the criminals' punishment would be of their own seeking, bystanders would not fail to say that it was the foreign merchant seduced them to their ruin by bringing the drug, and it would be hard to prevent general and deep-seated indignation; such a course indeed would tend to arouse popular anger against the foreigner. There are others again who suggest the removal of the prohibitions against the growth of the poppy. They argue that as there is no means of stopping the foreign (opium) trade, there can be no harm, as a temporary measure, in withdrawing the prohibition on its growth. We should thus not only deprive the foreign merchant of a main source of his profits, but should increase our revenue to boot. The sovereign rights of China are indeed competent to this; such a course would be practicable, and indeed the writers cannot say that, as a last resource, it will not come to this; but they are most unwilling that such prohibition should be removed, holding, as they do, that a right system of government should appreciate the beneficence of Heaven and (seek to) remove any grievance which afflicts its people, while to allow them to go on to destruction, although an increase of revenue may result, will provoke the judgment of Heaven and the condemnation of men. Neither of the above plans indeed are satisfactory. If it be desired to remove the very root and to stop the evil at its source, nothing will be effective but a prohibition to be enforced alike by both parties. Again the Chinese merchant supplies your country with his goodly tea and silk, conferring thereby a benefit upon her; but the English merchant empoisons China with pestilent opinion. Such conduct is unrighteous. Who can justify it? What wonder if officials and people say that England is wilfully working out China's ruin, and has no real friendly feeling for her. The wealth and generosity of England are spoken of by all; she is anxious to prevent and anticipate all injury to her commercial interest; how is it, then, she can hesitate to remove an acknowledged evil? Indeed it cannot be that England still holds to this evil business, earning the hatred of the officials and people of China, and making herself a reproach among the nations because she would lose a little revenue, were she to forfeit the cultivation of the poppy! The writers hope that H. E. will memorialise his Government to give orders in India and elsewhere to substitute the cultivation of cereals or cotton. Were both nations to rigorously prohibit the growth of the poppy, both the traffic in and the consumption of opium might alike be put an end to. To do away with so great an evil would be a great virtue on England's part; she would strengthen friendly relations and make herself illustrious. How delightful to have so great an act transmitted to after ages! This matter is injurious to commercial interests in no ordinary degree. If H. E., the British Minister, cannot, before it is too late, arrange a plan for a joint prohibition (of the traffic), then, no matter with what devotedness the writers may plead, they may be unable to cause the people to put aside ill-feeling, and so strengthen friendly relations as to place them for ever beyond fear of disturbance. Day and night, therefore, the writers give to this matter most earnest thought, and overpowering is the distress and anxiety it occasions them. Having thus presumed to unbosom themselves, they would be honoured by his Excellency's reply." I think that the Committee will see that this is a very significant document.

5695. Mr. *J. B. Smith.*] That was in 1869?—In 1869, while the revision of the treaty was going on.

5696. *Chairman.*] What took place after that?—I found, in consequence of the investigations I had set on foot all through China that Li-hung-chang, who was one of the most distinguished of the Viceroys or Governor Generals of provinces (then the Governor General of the Hukuang province), had actively employed himself, both in Honan which he also governed provisionally, and in the adjoining province, under his brother, in promoting the cultivation of the poppy. I received reports that nearly the whole of Szechuen was given up to the production of opium, and that on the appearance of the edict enforcing the prohibition, he had memorialised the throne for leave to issue licenses as a productive source of revenue, and a means further tending to exclude the consumption of foreign opium (a much more pernicious drug he alleged, and the importation of which impoverished the nation). It thus appeared that the policy only shadowed out as a possible contingency or necessity in the official note of the Yamên of ruining the trade in Indian opium, by encouraging the native growth, was the course which had been suggested by Li, and by him and his brother practically carried out already on a large scale. His high official position and political influence both combined to make his individual action in this matter very significant in connection with the covert menace conveyed in the official note. So important did the state of the opium question appear to me at this time, that in my despatch to the Foreign Office communicating the information, I intimated my intention of proceeding to Calcutta on my return home, in order that I might confer with the Governor General, and put him and his Council in possession of the facts, and show the whole bearing of them, so as to make sure that they were in full possession of all the information necessary to enable them to arrive at a right judgment on so important a matter. I proceeded to Calcutta in January of the following year, and placed the information which I am now giving the Committee before the Council at Lord Mayo's request. Having now given the outline of the case, I shall be prepared, either now or later, to furnish the Committee with any details they may desire. I think it will be seen the substance of the whole is this: that there is a very large and increasing cultivation of the poppy in China, that the Chinese Government are seriously contemplating, if they cannot come to any terms or arrangement with the British

Sir *R. Alcock*, K.C.B.

23 May 1871.

Government for restricting the area of growth in India, and either gradually, or suddenly, putting an end to its importation, as they think they have the power to do; the cultivation without stint in China, and producing opium at a much cheaper rate. Having done that they think they will afterwards be able to stamp out the opium produce among themselves. I doubt their power to do so, but that is their theory.

5697. Did you endeavour also to ascertain how much a pound of opium could be produced for in any given district in China?—There is a Report of the Delegates of the Shanghai Chamber of Commerce, who went with an expedition that I sent up the Yangtsze. You have there some detailed information. I have a great deal of the same kind, but it is all corroborative of what is given there.

5698. Will you call attention to the passages in that report on which you rely?—At page 21 it goes very thoroughly into those matters of detail, from the information they got on the spot. They say: "The price of the Szechuen opium varies according to the season; when the new crop is first gathered it is cheap, say, about 11 taels per 100 taels weight, but becomes dearer towards the end of the season, say, 13 taels per 100 taels weight, which is natural considering how much it must lose in weight by keeping. The price usually quoted to us by the cultivators was 200 cash per tael, which corresponds tolerably well with the above quotations of 11 to 13 taels per 100 taels weight, given as the country price by merchants in the cities; we may conveniently reckon the price at 200 taels per pecul in the country, though it probably averages about 10 taels under that figure." The Indian opium sold there varying from 450 to 600 taels the chest, you get an estimate there of the great difference; then from 100 to 150 taels is added by way of taxation charges of all kinds before it reaches Shanghai; so that the difference ranges from 350 taels in the case of the native opium to from 450 to 600 in the case of the Indian in the Shanghai market.

5699. Did you make any inquiry as to the rate per tael or per 100 taels of the different impositions that were made upon people in growing opium by the authorities?—Yes; that is also given, I believe, very accurately in the report. I have got some other information but it is much to the same purpose. It says here, "The growers pay in some places 5 cash per tael lekin, equal to 3 mace per 100 taels weight; in other places they pay 7 mace per 100 taels; they also pay a tax or squeeze to the hongs of the district which are licensed to deal in opium; this tax is put down at 2 cash per tael weight in some places," and so they go on till the whole thing amounts to 7 taels or 7 taels 3 mace per pecul charges; what the hongs make out of it in the shape of commission on sale they could not ascertain; the duties payable at the barrier at Khwei are, Lekin of 600 cash per 100 taels or 9,600 cash per peeul; "At Ichang a transit duty of 39 taels per 100 catties is nominally charged; but 100 catties of actual weight are reckoned as 40, which reduces the tax to 15 taels 6 mace per 100 catties."

5700. Do you suppose that that includes all the presents made to the authorities for conniving at the growth of it?—They do not connive at it; because, according to Lihung Chang's plan, they give licenses, and the license is the first charge that they pay. The Committee will see, on going further in that report, that the delegates make out 70 taels, as added to the first cost (there are different charges) at Hankow, and about from 30 to 70 additional before it gets to Shanghai, making at the outside 150 taels. So that the Chinese have not hitherto carried out that other part of their threat, which is quite within their power, of not taxing their own opium at all, and surcharging ours with any amount of tax they like. There is another estimate of the taxes paid, a "grower's tax," about Hankow taels 9; Ichang, or Sha, the barrier duty, 30 taels; meltage fees, 4 taels 7 mace; Hankow Lekin, 9 taels 5 mace; making, in all 53 taels 2 mace; that is up to Hankow.

5701. Did you find out at all the relative strength of the Chinese opium, as compared with the Indian opium?—Yes; I have various reports on that subject. There is one of Mr. Jamieson, who was a medical officer attached to the customs.

5702. I was anxious to ascertain how much of opium for smoking is produced from a given weight of the native opium, as compared with the quantity produced from Indian opium?—By Mr. Jamieson's analysis, in 100 grains of the drug, there were found 5·90 grains of morphia, and 7·53 of narcotine, but the sample was adulterated: and free from this, Dr. Jamieson concludes the per centage of Morphia would rise to 6·94, and that of Narcotine to 8·86. The standard average of Morphia in Turkey drug is 10·50 per cent., and of Narcotine 7 per cent., sometimes sinking to 6 per cent. It will thus appear that in medicinal value, Chinese opium can take a good position even when compared with Turkey. We are told that the value of opium for medicinal purposes, and for the effects which commend it to the opium eater, depends mainly on the per-centage of morphia. But morphia which is solely narcotic is accompanied by a principle which seems to be unfortunately named —narcotine. This ingredient, without possessing any narcotic property, is a bitter resembling quinine, and like quinine has been used with success in diseases and fevers of a periodic or intermittent type. This opens a new view as to the possible prophylactic effects of opium in marshy and malarious districts.

5703. You spoke of the Turkey opium; what is the standard of Turkey opium as compared with Malwa opium?—The Turkey is a very powerful opium. As I have said, the standard average of morphia in Turkey drug is 10·50 per cent., and of narcotine 7 per cent., sometimes sinking to 6 per cent.

5704. As compared with Malwa opium, what is the standard?—I do not know that I can put my hand upon further data immediately. As regards Malwa, there is a considerable abatement from the power and strength of the Indian opium. The Chinese is much weaker.

5705. But we want to form some estimate of the relative value of the two for commercial purposes. For that purpose it would be necessary to know what is the relative production of morphine and narcotine, those being the only elements, I believe, of actual intoxication?—Those, and thebain, which is said to have the erotic quality, and which exists in the Turkey, and does not exist, apparently, in the Chinese. If that be so, it may be one reason why they prefer the latter, assuming they do prefer it, as being less stimulating and therefore less enervating in the end.

5706. Can you find an analysis of Malwa or

Sir *R. Alcock*, K.C.B.

23 May 1871.

Patna opium?—At page 22 of the Report of the Delegates, you find this, "The quality and strength of the Szechuen opium varies according to the district. Fungtoo opium is said to yield 75 per cent. of extract; Foo, 70 per cent.; Kai, 80 per cent., and so forth. These are vague native estimates, but more exact information on the subjects will be found in Appendix H.;" that is at page 60, "On boiling two taels weight of Patna opium down, to draw a comparison with it and the Yunnan opium; I find that so far as the touch is concerned, the latter compares very favourably. The Chinamen, however, prefer Patna opium for smoking. They state that the Yunnan drug has no taste in smoking, like that of Patna. I presume they mean it is not so palatable." "The 'touch' of Patna and Yunnan opium is similar, and 48 taels of each will produce about 26 taels of pure opium."

5707. That would make the Bengal equal in value, according to that statement?—Yes, it would, according to that, but there is a difference in the morphine and in the existence of the thebain.

5708. The comparison of price, therefore, does not afford a solution of the question unless we have a comparison of the quality of the two drugs?—The two have to be taken together.

5709. I was anxious to finish your comparison, by finding out if we could, with some precision, the relative values, or what would be more to the point to find out commercially how much a man has to buy of one, compared with what he has to buy of the other; that is the practical solution, is it not?—That practical solution I am afraid I cannot supply; but I have among my papers an analysis of the various descriptions, and the general result of it is, that the Indian opium is undoubtedly superior in the essential qualities of narcotine, morphine and thebain. The degree of superiority will hardly determine the commercial value. The practical test would be, how much a man would have to put in his pipe of each to produce the same effect, and then the difference of price would give as the practical result the relative commercial value, apart, that is, from any question of taste or fashion.

5710. I was wanting to ascertain whether there was any economy in the consumption of one as compared with the consumption of the other, whether a regular opium smoker would buy an ounce of the one, and an ounce and a half of the other, for instance, to be satisfied?—The reports tell us that practically the Indian opium does go further, because it will permit of smoking a second time, and some of the lower smoking shops consume it chiefly after it has been prepared a second time.

5711. If you had the greater advantages that you derive from using the Indian opium, as compared with the native, we may take it that they are at present of equal commercial value?—That would tend to equalise what is otherwise a striking difference in price. I have not worked it out in precise terms, but I think that I have data by means of which the relative value or strength could be more accurately ascertained.

5712. The practical question is whether a man has to buy less of the one opium than he buys of the other?—Yes.

Tuesday, 6th June 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Grant Duff.
Sir Thomas Bazley.	Mr. Haviland-Burke
Mr. Beach.	Sir James Elphinstone.
Mr. Birley.	Mr. Robert Fowler.
Mr. Bourke.	Mr. Hermon.
Mr. Candlish.	Sir Wilfrid Lawson.
Mr. Cave.	Mr. Lyttelton.
Mr. Crawford.	Mr. J. B. Smith.
Mr. Cross.	Sir David Wedderburn.
Mr. Dickinson.	Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Sir RUTHERFORD ALCOCK, K.C.B., re-called; and further Examined.

Sir *R. Alcock*, K.C.B. 6 June 1871.

5713. *Chairman.*] I THINK you stated in the last day's evidence that you could give, in more precise terms, the difference in the value of the opium of the different qualities; have you been able to get any precise information on that point?—I have been looking through various papers that contain analyses of different kinds of opium, Indian, Persian, Turkish, and Chinese The general result is stated in various places to be (and I think you will find that any investigation you may make will come to the same), that upon the whole the proportion of morphia varies but little; that it is a little in favour of the Indian, but not very considerably, and that there is not any very essential difference in the quality or in the power of the intoxicating ingredient, if we except Turkish, where the morphia is nearly eight per cent. instead of three or four. But I wish to observe that I think the question of the value to the smoker, which is what you wanted to get at, of the diferent kinds of drug is not altogether to be determined by the same sort of considerations as determine price in other articles. I think that I can illustrate this to the satisfaction of the Committee by a reference to tobacco. For instance, it is very well known to all those who are in the habit of smoking either Havannah or Manilla cigars, that those who smoke the Manilla habitually, not only cannot smoke the Havannah with pleasure, but cannot smoke it at all, or without prejudice, from the effect that it has upon the nerves; it has a different effect from the Manilla, something analogous to the effect on those who are accustomed to take black tea produced by their taking green. In reference to the Manilla cheroot and the Havannah cigar, there is no doubt that the Havannah to all judges has a finer flavour, is considered superior, and is more fashionable; and yet those who have lived long in the East, and in China especially, almost invariably prefer the Manilla cheroot, which does not cost above half the money, and for the same reason as the Chinese prefer one kind of opium to another, namely, that it does not affect their nervous system so much.

5714. I do not wish to destroy the value of your illustration, but is there any foundation for the impression that the Manilla cheroots are dressed with opium?—None whatever, I believe; I have made some inquiry about that, and I am satisfied it has no foundation, and for this simple reason, that opium being infinitely more costly than tobacco, it would not pay. That was the answer I got from all those merchants and others who were familiar with the manufacture. Then I was going to say, that it is evident the prevalence of a fashion or taste for any particular article containing more or less of narcotic and intoxicating power, does not altogether depend upon the absolute strength of the intoxicating quality. I think the illustration, both as regards the black tea and tobacco is perfectly applicable; therefore, when we get at the result, which you will find through a great variety of analyses, it would come to this, that there is no very essential difference. They have very much improved the quality of the Chinese opium of late years, and have got rid of what the consumers complained of as a grassy taste. It is now largely consumed, and if the Committee desire it, I will go into this question of consumption, as I find that the fact is contested. There was a letter the other day in the "China Telegraph" which scoffed at the idea that there was or could be any competition, and I found the same idea prevailing amongst some of the officials in India.

5715. It comes back to the illustration of wine, that you cannot measure the value of wine by the alcohol in it, and, in the same way, you cannot measure the value of opium by the morphia in it?—Precisely. Then, in reference to the value of opium, in answer to some question in relation to the profit of cultivating the land, I said that its value was weight for weight with silver, and that seemed to create some surprise. On referring, I find that in the Delegates' Report the same thing is stated, the value of opium is there described as being nearly weight for weight with silver; that, of course, I meant to apply to the extract when it was fined down.

5716. Four ounces of silver is the price of a pound weight of solid opium; a pound sterling is equivalent to a pound weight of opium?—You will find that it goes beyond that; but in reference

ence to my impression that it was sometimes worth weight for weight of silver, it has been more than that at one time. You will see the Delegates Report this: "When Patna opium had been introduced from Canton, and had made some way in Szechuen and the neighbouring provinces, it was worth, in the early years of the reign of Toukwang" (that is 1821) "double its weight in silver." At page 22 they say, "Foreign opium is also brought to Chungking by Canton men, in tins, prepared, estimated value 70,000 or 80,000 taels annually, all smuggled. It is used as a luxury, and is worth 9 taels per 10 taels weight, sometimes being as cheap as 8 taels."

5717. Then it is explained, perhaps, by the enormous enhancement of price in the interior of China from the difficulties connected with importing it and carrying it inland against all sorts of prohibitions, till at last it gets enhanced from its price in India, which is about four ounces of silver to a pound weight of opium up to 16 ounces of silver in the interior of China?—Undoubtedly; and what I meant to convey was, that it was a crop which yielded such very considerable profit that when it had to go any distance it was really something approaching weight for weight with silver in its value.

5718. Have you anything which you wish to add on that subject?—No.

5719. Mr. *Birley.*] Do I rightly understand you to say that the value of the opium might advance as much as from four taels in proportion to 16 taels in the interior?—With regard to the selling price for the prepared opium, the extract, when all insoluble matter is got rid of, the delegates, who themselves were mercantile men of great powers of observation and accuracy, ascertained that in Szechuen, when it was brought from Canton, which of course was a very roundabout way (I presume they might get it cheaper from Hankow), it was about nine taels for 10 taels weight. You may take it at that if it has to traverse two or three provinces.

5720. What would be the price in Canton for 10 taels weight?—Nearly all the opium that gets to Canton is smuggled from Hong Kong, and I presume that it would be very much cheaper. I think that you may take the prices at Canton (any newspaper will give the ruling rates) to be pretty nearly the same, or very little more than the price at Hong Kong, plus a certain smuggling fee which would no doubt be paid because there is no expensive transport.

5721. *Chairman.*] Have you got the Hong Kong price with you by any chance, so as to show what the enhancement is?—In any of the price lists the difference between Shanghai and Hong Kong is never very much; it rules pretty much the same at all the ports, with certain variations from time to time. I have no price currents here. I have some notes of prices in 1868. The selling price of Malwa was then 500 taels, and Patna 430; but they vary, as you are aware, from month to month and year to year. There is generally a distinction in favour of Malwa to a considerable amount.

5722. Mr. *Birley.*] That is the relative value, I suppose, at the same date?—Yes.

5723. Mr. *Beach.*] I think we are to understand that you consider that the consumption of Indian opium in China is likely to fall off?—Yes, but that is a contested point. My own opinion is based upon the reports of the merchants generally in China,—the delegates of the chambers of commerce,—and those merchants, such as Sassoon and Company, who are more especially interested in the Indian opium, the consuls' reports, and those of the Commissioners of Maritime Customs, the two last being perfectly disinterested. There is a perfect accord amongst them; and I can read here, if the Committee desire it, some extracts which would show, by cumulative and concurrent evidence, that there can be no doubt the cultivation and consumption of the Chinese opium are both very largely increasing, and that they do affect, injuriously in our conception, the consumption of Indian opium, and the price.

5724. It is only the edict which prohibits the cultivation of opium in China, which checks it being cultivated to a much greater extent?—As I have stated before, all these edicts are more or less inoperative, and are very badly executed. In the present instance, some of the higher officials even memorialised the throne, and give licenses for the cultivation. But, independently of that, the chief influence of an existing edict of the Emperor against the growth of opium, backed by the general sympathy, and popular feeling in favour of such an edict, is this, that no man can grow his opium without knowing that he is exposed to all kinds of sacrifices. A man comes to him from the magistrate of his district, perhaps, and says, "You are cultivating so many fields of opium; I know what you are about, you had better make it all straight." Of course if he is liable to be seized, and to have his crop torn up, (and there have been instances where the population have banded together for that purpose), the effect is both to increase the price of the Chinese opium by adding to the risks, and to deter a great many of the more timid from cultivating it at all.

5725. The Government make a profit from the Indian opium which leads them rather to encourage the importation of it, I presume?—Yes; the revenue which they derive from the maritime customs is something like half a million sterling in round numbers, from that to 700,000*l.* at the outside, and I presume that they double this by their inland taxation. Therefore, I have estimated the absolute interest of the Chinese Government in the Indian trade at about a million and a half sterling; and in reference to this I may mention that not only in the conference that took place with the ministers of the Tsung-li-Yamên, a minute of which I read at the last meeting of the Committee, but also at different times, officially or privately, they have shown the greatest readiness to give up the whole revenue if they could only induce the British Government to co-operate with them in any way to put it down. My own conviction is firm that whatever degree of honesty may be attributed to the officials and to the central Government, there is that at work in their minds that they would not hesitate one moment to-morrow, if they could, to enter into any arrangement with the British Government, and say, "Let our revenue go; we care nothing about it. What we want is to stop the consumption of opium, which we conceive is impoverishing the country, and demoralising and brutalising our people."

5726. Mr. *Fowler.*] Is it true that the value of the opium imported into China from India is nearly equal to the whole value of the exports of silk and tea from China to the various countries of the world?—I think that estimate has been formed in reference to their exports of tea

Sir *R. Alcock*, K.C.B.

6 June 1871.

and silk to us, not to the whole world. There is a statement in the Delegate's Report which will give it to you. It is from 76,000 to 80,000 chests, which at 500 taels a chest, is about 11 millions sterling.

5727. If the opium trade were abolished, would not a large proportion of the money now expended on that drug find its way into the pockets of the British people in return for manufactured goods?—It has been urged by some of the merchants and in the local press that the effect would be to raise the exchange, which has been very much depressed of late years, and to improve the demand for foreign manufactures.

5728. Have you any means of judging to what extent the legitimate commerce between this country and China has been injuriously affected by the opium trade?—Except in its general bearing upon the policy of the Chinese Government, I can give you no precise data other than such as the general returns afford. As regards the bearing upon the government of China, if I had been enabled during the recent revision of the treaty to hold out any distinct promise or assurance to them that, both as regarded missionaries and opium, which are their two great grievances, something should be done more or less restrictive that would meet their wishes,—I believe that I might have got any facilities for our trade that I had chosen to demand. My great difficulty was that I could offer them nothing in either direction.

5729. Have you ever known of cases in which silk or other Chinese commodities have been bartered for opium?—I think so; I think that it is common, or has been common in the trade, to make a barter of the two, merely paying the difference of amount. I think it was a very usual course.

5730. Does it accord with your own observation that the use of opium at last becomes necessary to the smoker as a means of sustaining life?—That is a very difficult question to answer, for this reason, that I do not believe that we have any statistics or sanitary records extending over a sufficiently large field, or sufficiently to be trusted for anybody to dogmatise on the subject, or to give a very decided opinion. If we judge from what we see of the abuse of it, the miserable decrepit objects who are confirmed opium smokers, no doubt we should come to the conclusion that when a man had once taken to it it was inevitable that he should go on to his destruction. But I think that the same inference might with equal logic be drawn with regard to a confirmed drunkard: a time comes when he goes into fits of delirium tremens if he cannot indulge his habit. Whether there is anything in the opium so insidious or affecting the whole nervous system so peculiarly that a man who has begun to take it must go on increasing the dose to his perdition, I cannot say; but that is precisely what a great many people assert, and what all the missionaries believe, who have a great deal to do with the people and see a great deal of the abuse. And with regard to the Chinese themselves generally, that is certainly their impression, as I know from my intercourse with the officials, and one sees a great deal to confirm it; but still I do not think that we have any data that would justify our drawing a decided conclusion on the point.

5731. Are you acquainted with the hospital established by the London Missionary Society at Pekin?—Yes, certainly.

5732. Has not that hospital been the means of curing many patients who have gone there for the purpose of getting rid of the craving for opium?—I know that they have had applicants for such relief, and have made the attempt. I confess, however, that the impression on my mind, from all that I have heard from different medical officers, not only there but at Shanghai and elsewhere, has been rather discouraging; I do not think that they often succeed, partly because they cannot get the people to put up with the strain that deprivation brings on their system.

5733. Then your experience would be that the craving for opium could not be cured?—Just so, after it has arrived at a certain pitch. I do not suppose that people ever come to them for a remedy till they feel that they are going down a rapid descent, and then it does not appear to me that they have had any results that are very encouraging or satisfactory. I may mention one instance, which does not enable me to decide your question, but has a bearing upon it, showing that a stage comes when nothing but a continued use of the opium will save a man from falling altogether into a state of imbecility. A consul mentioned to me on one occasion, that a Chinese prisoner had been temporarily put in a lock-up attached to one of the ports, he being a confirmed opium smoker. He had seen him at the time when he had been consigned to imprisonment pending some inquiry with the Chinese authorities, and he was there only for 24 hours, or from that to 30 hours, and he said that when he saw him come out he never was so much struck or shocked in his life with the change in a man. In 24 hours he seemed to have fallen into old age; he was haggard; he was unable to collect his faculties; in fact, he had sunk into total decrepitude and old age apparently in 24 hours. It must have been something very striking to have made that impression on the consul.

5734. He did not see him afterwards?—Not that I remember: the man had not had his usual dose of opium, and that case shows the frightful effects of going without it in some instances of inveterate habit.

5735. Have not the missionaries complained to you of the injurious effects of our connection with the opium trade on their efforts to christianise the natives?—Of course, it is their constant complaint.

5736. Is it true, as the missionaries alleged in their letter to you of the 14th of July 1869, that "almost every abusive placard that has been issued against Protestant missionaries, has charged them either with secret designs of conquest, or with being engaged in the coolie or opium trades, and making the teaching of virtue a cloak for these abominations." The "New York Observer" also states, that "Our name is popularly bound up with the opium trade; and whenever missionaries come to a new place any dislike which the literati or officials may feel against them can always be strengthened and excited by bringing up the opium trade and opium smoking." Do you agree with that statement?—The coolie and the opium traffic being the two grave reproaches the Chinese bring against us habitually, no doubt they are always seized upon whenever there is any desire to rouse popular feeling; and I have no doubt that the missionaries are correct enough in saying that in the placards they generally resort to this means

means of stirring up hostility. In reference to the statement from the American paper, that it is always popularly attributed to us, it is very true; but I think it should not be lost sight of, that the Americans themselves contribute their full share in the traffic.

5737. Is it true that the present emperor's mother ordered a eunuch to be beheaded for permitting the young emperor to smoke a few whiffs of an opium pipe?—I do not know the fact. It is reported that the father of the late emperor killed a younger son when he found that he was smoking opium, and I believe that this is tolerably well authenticated.

5738. Can the evils, physical, moral, commercial, and political, as respects individuals, families, and the nation at large, of indulgence in this vice be exaggerated?—I have no doubt that where there is a great amount of evil there is always a certain danger of exaggeration; but looking to the universality of the belief among the Chinese, that whenever a man takes to smoking opium it will probably be the impoverishment and ruin of his family;—a popular feeling which is universal both amongst those who are addicted to it, who always consider themselves as moral criminals, and amongst those who abstain from it, and are merely endeavouring to prevent its consumption,—it is difficult not to conclude, that what we hear of it is essentially true—and that it is a source of impoverishment and ruin to families.

5739. Has it not been one great reason of weakening the government and introducing anarchy into China?—They say so, and I should think that the very fact that they have been compelled by the superior force of foreign governments to admit it against all the moral feeling and judgment of the nation, and against their own, as an article of commerce, and to derive a revenue from it, must very much damage them in the estimation of the people, first as a sign of deplorable weakness, and next as an indication of want of courage to do what was necessary for the welfare of the nation.

5740. I think I understood you, in reply to my honourable friend, to say, that you believed that the Chinese government were perfectly sincere in their desire to put an end to the consumption of opium?—I believe they are.

5741. And they are not deterred from that by the evils which it is alleged would follow from the suppression of a habit that has become confirmed among a larger portion of the people?—Backed as they are, really, by the popular feeling of the nation, and having their sympathies, as they certainly would have, in an effort of that kind,—if they could not be reproached with admitting it and deriving a revenue from it when imported from abroad,—I do not think they would hesitate to make a crusade against it; how far they would succeed or not, is another question.

5742. If it was not imported and not grown, they must succeed?—Exactly, but the question is, first, whether they could prevent its importation;—even supposing that they were to prohibit it, how far could they prevent its being smuggled, either from Turkey or Persia, from India or elsewhere;—and next, how far could they succeed in stamping its growth out in their own country? a thing of which they say they feel quite confident if they could be strengthened by being able to show the people that they will no longer admit it from abroad. They have always put that forward as being the one impediment to their doing anything effective in their own country. They can scarcely behead people for either growing opium, or consuming it, when the people can turn round upon them and say, "You admit it from abroad that we may consume it, and you derive a revenue from it; how then can you impeach us as guilty of a grave offence if we grow it ourselves, and are willing to pay you duty too?"

Sir *R. Alcock*, K.C.B.

6 June 1871.

5743. Sir *Wilfred Lawson.*] A former witness said that he thought there could not be much greater consumption in China, without causing such a calamity that the Chinese, themselves, would cause a reaction; do you think that they could not increase the consumption very much?—My own opinion is, that we very much exaggerate the area of consumption, because we know very well what is brought to China from abroad; and that it does not exceed 80,000 chests; although we do not know equally certainly what amount is now grown in the provinces. It is roughly estimated that about half that amount is grown. We know also that the ordinary consumption of a Chinese, who can afford it, is from half a mace to a mace a day, and a great many of them smoke more.

5744. Sir *J. Elphinstone.*] That is about 3*d.* a day, is it not?—It varies with the amount of cash in a dollar; it is from about 3*d.* to 6*d.* a day. It is a very easy calculation to make; supposing that you have 120,000 chests of opium, and that every man smokes, say, his mace a day, you will see that you have not got above three or four millions of people who can consume it at all. Three millions or four millions, out of what we are in the habit of assuming (for we have no census of it) to be the population of China, namely, three hundred or four hundred millions, is an exceedingly small proportion of the whole; therefore, I should say that the consumption might be increased almost, *ad infinitum*, threefold, fourfold, fivefold, and still leave the body of the nation unaffected.

5745. Then you do not think that opium smoking has eaten into the heart of the nation, so to speak, but you think that there is a far larger proportion of persons untainted by the practice than of those that are tainted by it?—Yes; upon those data I cannot come to any other conclusion, because it does not appear to me that there is opium enough to do it.

5746. A former witness said that the Chinese themselves all admit that the effects of opium smoking are bad; does you experience bear that out as being their opinion?—I think it is universal; I think that the men who smoke opium look upon themselves as morally criminal.

5747. I think, in answer to the honourable baronet, one witness told us that in China it was considered a necessary of life; is that your experience?—No doubt it is, just as a man who is in the habit of taking his glass of brandy two or three times a day finds it a necessary of life; in no other way.

5748. I think it was put to the witness that the Chinese live on unwholesome and putrid meat, and that opium is a corrective of that, and the witness answered the honourable baronet that it was the case; what is your opinion on that point?—I think it may have certain sanitary influences which we are not very ready to admit. In the first place, narcotine, which exists to the amount of about seven per cent. in opium, is

Sir *R. Alcock*, K.C.B.

6 June 1871.

decidedly a tonic, and a preservative; it is given in India as a tonic as we give quinine. In a malarious locality, such as the whole of that vast valley of the Yangtsze is, and under a tropical sun, and considering that although their food is vegetable-food chiefly, what animal food they do consume, and vegetable also, is often eaten in a putrid state, they rather preferring it in that condition. I think it very possible that it may have sanitary influences. I do not think we should lose sight of the possibility of that; I have no doubt that a man may preserve his health under some circumstances, if he could only use it medicinally, better than without it, just as a man in campaigning, or when exposed to great deficiency of food, may be able to go through his work with much less harm to his system with moderate smoking than without tobacco; and so with malt liquor and spirits. I think there is that element in the question of opium as much as in the question of liquor and tobacco.

5749. Then we have had it in evidence that some of these confirmed smokers were able to do an immense deal of work, but the moment the supply was stopped the effects were terrific; does your impression correspond with that?—Yes; I know very well by my own servants, and by coolies, and other workmen, that you would not get the same work out of them if you stopped their opium. In fact, to deprive men of their usual daily dose of opium, would be to incapacitate them for work, and to depress and enervate them, and leave them without their usual vigour.

5750. Do all the persons in that class of life whom you employ smoke opium?—Almost invariably; the truth is, that the spread of the consumption of opium has been chiefly from the coast.

5751. In that case you have not had an opportunity of seeing whether the non-smokers or the smokers are the more efficient in work?—No, I have had no means of comparing the two.

5752. I suppose you agree with a former witness, that the chief evil of this smoking is the great expenditure of the people upon it; it does not so much, I suppose, cause crime, but it is more the poverty which it causes by the great expenditure of the people, that is the evil?—Yes; there is this difference between liquor (wine or spirits) and opium, that the one leads to crimes of violence, and the other never does, except indirectly as a means of getting wherewith to buy the opium. When a man has impoverished himself and impoverished his family, I suppose there is no crime at which he would stop for the sake of supplying himself rather than undergo the torture that it is, to the utter effacement of his existence almost, to be without it; so that he will sell his wife and children and property, and in the end, I suppose, will either rob or murder for the sake of it. In that way it produces crime and great social misery.

5753. As a general rule, the opium smoker deprived of his opium would be willing to resort to those means of getting it, would he?—A confirmed smoker, who could not exist if deprived of it without suffering great bodily torture would; unless he took the other course, which is very common with the Chinese, namely, to hang or poison himself. He would probably sell his wife and children first, and after that do anything else that might be necessary.

5754. Then do you think that as far as you have seen, the using of the opium does not injure a man very much, but that the harm arises from his being deprived of it; that after he has become accustomed to the opium his constitution suffers very little unless he is deprived of it?—No, I could not say that that is my opinion; I think the question is yet undecided how far it is possible for a man to do with opium as we do with wine; where, as a rule a man takes his pint or half-pint of wine a day, and does so for years, and it may rather improve his health than otherwise; but yet if deprived of it the loss would not much affect his health, probably. I do not think that is the case with opium; at all events, the question is quite undecided whether a man can take opium in moderation for a continuance; and if he can, whether he can leave it off without injury to his health. If he can take it in great moderation, I should think he might leave it off without injury; but I think as I say, that the question is quite undecided whether he can take it in such moderation for any lengthened period.

5755. Then you would not give in your adherence to the opinion of one witness, who said that if the supply of opium were suddenly stopped one-third of the people of China would die?—If that refer to what we should call confirmed drunkards, I believe it would kill them; they would die of dysentery and in frightful suffering, and be utterly disorganised, so to speak; but then I think that this only applies to people who have become confirmed slaves of the habit; and I do not know how far it applies to those, if there be any, who for a series of years take it in moderation. That is a question that I have never been able to decide for myself. I know that any one can take three or four glasses of wine every day for 20 years, and neither desire more nor feel any very cruel deficiency, even if deprived of that; but I have never been able to ascertain whether such is the fact with regard to opium. I know it is asserted by those who favour that view, but it is stoutly contradicted by the missionaries and others, and my own impression is that it is not possible in the case of opium. We know that medicinally no patient can go on taking the same quantity of it, so as to produce the same effect; there is a necessity for increasing the dose, and when increased to a certain extent it gets a hold on the system which is very pernicious. Medical men will tell you that this is their invariable experience.

5756. You say, if I rightly understand you, that you never in China met with a moderate opium smoker; that is to say, one who you think would not have been better without even the amount that he did consume?—As a rule that may be so; but, for instance, all our domestic servants smoke, and they do not smoke in excess, or we should not keep them.

5757. What do you mean by excess?—To such a degree that if deprived of their opium, or delayed, they would collapse like the prisoner whom I mentioned.

5758. But they all go on steadily to that stage, as I gather from you?—That is my impression; I am obliged to speak vaguely however, because we have not the data or statistics on which we could dogmatise at all about it.

5759. I do not know whether you can tell us at all whether the state of the country was better in regard to prosperity and comfort and that sort of thing, before this great consumption of opium?—It is very difficult to entertain any doubt on that point; the Chinese before this century

century were certainly about the most temperate of races; their food was chiefly vegetable food; they had no stimulants except a mild tobacco and tea, and they seem to have been perfectly content with that; and they must have kept their strength and health, for they had always been known as a most industrious race, cultivating their land to the highest degree, and as being hard-working people. They were that before they had this opium; and tea and mild tobacco certainly could not produce the effects that we now see opium produce, and their is nothing in their history to make one think that there was more pestilence or greater mortality, or that they were less capable of performing the work of the nation then; and I must say that my own impression is, that they were infinitely better off without the opium.

5760. Is it true that when you left China, Prince Kung in taking leave of you, said "Good-bye; I hope you will take away your opium and your missionaries"?—Yes; but it did not quite occur in that way. He came with the other ministers to take leave of me as a matter of courtesy, and naturally he referred to all the discussions which we had had in the revision of the treaty; and as we had neither of us obtained exactly what we wished, and the missionaries and the opium had very often been brought forward as the great obstacles to any perfect understanding, I alluded to those conversations and to the signing of the convention, and I said, "After all these discussions, now that we have entered into a convention regulating many points, I hope that, though I am going away, you will find other matters will settle themselves satisfactorily, and that there will be a gradual improvement in our relations and in the progress of our commerce." He shook my hand very cordially, and said, "Yes; we have had a great many discussions, but we know that you have always endeavoured to do justice, and if you could only relieve us of missionaries and opium there need be no more trouble in China."

5761. Mr. *Grant Duff.*] May I ask which does the Chinese Government hate most, missionaries or opium?—It would be very difficult to say, for the missionaries are a perpetual thorn in their side. The Roman Catholics especially penetrate into the interior, and are doing what I may be permitted to say churches have done in all ages; they aggregate property, they get land, and houses, and pagodas, and they are now some of the largest landed proprietors in the different localities; and by the French Treaty they had a right to reclaim whatever land or houses had belonged to Christian communities when the persecution took place, and they were all expelled, in the 17th century. And I think that the Committee will very easily understand what is the feeling of the Chinese Government and of the people about these matters, if they will conceive that, after some frightful defeat sustained by us, either French or Prussians, or any other nation, came to us and said, "Well, you are Protestants now, but you were once Roman Catholics, or had something of Roman Catholicism about you, and one of the conditions of peace is that you shall restore to that communion whatever land was confiscated under Henry the Eighth." You may conceive with a French government, for instance, to back that forcibly, what would be the sort of feeling that would be created throughout this country in all those who possessed those lands, and in the government that had to carry out the necessary measures.

Sir *R. Alcock*, K.C.B.

6 June 1871.

5762. *Chairman.*] But the ratio of the influence of restoring Roman Catholic lands in China would not be quite so great, would it?—We are a very small country; but if you will take this country, multiplied by 18, you may say that in China you have the same evil in 18 provinces.

5763. Not the same extent of property; it is very infinitesimal in China, is it not?—But it is quite large enough to create an intense feeling of irritation and hostility throughout; and as it is done under the direct influence and protectorate of France, which is a foreign power, it is in kind, if not in degree, what you may conceive would take place under the circumstances that I have supposed.

5764. Sir *W. Lawson.*] I perceive that in the interesting conversation which you have related in your former day's evidence as having had with one of the Chinese officials, you told him that you thought the drug was a narcotic, demoralising all who were addicted to its use?—Pardon me. I think you will find I said, that "It might deserve all the ill that was said of it."

5765. You said that "It was quite possible that opium might deserve all the ill that had been said of it"?—Yes, that it might deserve all the abuse they were giving it; but that that was not the question.

5766. Sir *J. Elphinstone.*] Does the increased cultivation of opium in China enhance the price of food, rice and grain, for instance; has it gone so far as that?—I think it must have that tendency, but I do not know that it positively has done so, because there is a little misapprehension about opium growing; it does not preclude other crops, and they grow other crops on the same land. With their powers of irrigation and manure, they seem to find no difficulty in producing a crop of cereals from the same land as gives them their opium.

5767. Are the same bounties in regard to the importation of grain still in existence in China as formerly existed; are they always excused their tonnage dues?—Yes. One of the great objections always put forward by the Chinese authorities is, that the growth of opium does diminish the growth of food; and no doubt its tendency is that; you cannot occupy large spaces of land with opium without more or less curtailing the quantity of rice; and as the population is always pressing upon the means of existence in China, and when people are starving, they are always in insurrection and difficult to govern; of course the Chinese Government, which has not much physical means of coercion, is excessively alarmed at anything that threatens a diminished production of rice.

5768. In fact the great policy of the Chinese Government has been from time immemorial to maintain an adequate supply of food for its enormous population?—Yes.

5769. And anything that militates against that creates the greatest alarm?—Yes.

5770. Supposing that we were to entirely stop the exportation of opium from India, would it not give rise to a most unmanageable smuggling trade?—Quite so; and you will remember that the tenor of my reply to the ministers, when they pressed me so earnestly about it, was that even assuming the British Government were disposed to meet their views, it really would not

Sir *R. Alcock*, K.C.B.

6 June 1871.

answer their end, though it would inflict a great evil upon us.

5771. I think the sea-board of China extends over something like 3,500 miles?—From the extreme north to the extreme south it would be about that.

5772. And that coast is fronted by an archipelago of islands with creeks and harbours, and, in short, is in every way adapted for carrying on a smuggling trade?—Precisely so. One of the emperor's titles is, "Lord of Ten thousand Isles," and that is hardly an exaggeration.

5773. Those harbours and inlets have from time immemorial been the refuge and the habitation of predatory tribes, over whom the Chinese Government have exercised but a very slight control, have they not?—Yes, they are the great haunts of pirates and fishermen, each alternately; it is very difficult to distinguish between them.

5774. In fact the fisherman is the disguise of the pirate?—Yes; and inasmuch as a large portion of the maritime population derive their subsistence from the sea, it is quite impossible that you can put down fishermen; and not being able to put down fishermen, the Government finds it equally difficult to put down pirates.

5775. The pirate masks his guns in his fishing net, and uses them when the occasion arises?—Yes.

5776. You do not think that it would be easy, even if the British Government did what I have suggested, for the Chinese Government to prevent a smuggling trade; you think that it would be beyond the control of their government?—I pointed out that till they could organise a steam fleet entirely in the hands of foreigners and foreign officers, just as they have done in organising their maritime customs, it was wholly out of the question their putting any check upon the smuggling. And then they would have to purify their fiscal administration probably by the same means; in order to obtain officers not so corrupt that they would always take bribes, and shut their eyes to any breach of the revenue laws; and that with those two difficulties existing until they were prepared to do something of that kind, it was quite hopeless and useless for the British Government to accept the sacrifice which they wished to impose upon them.

5777. And, in fact, the bribery system must exist under any government in that country?—Yes; it is so essentially corrupt, and, in fact, it is part of the acknowledged rights of an officer that he is to take fees.

5778. That is the acknowledged mode of payment of the officers of the government?—They are not paid any salary on which they can live, and if you under-pay your public officers, they necessarily get corrupt, and get paid by bribes; but in China they will not yet see what all other countries have learnt at last, that if you will have honest administrators you must pay them adequately.

5779. That system still exists of governors being appointed to provinces to squeeze as much as they possibly can get out of the people, and after a certain time the government come down upon them, and squeeze them in return?—From the governor generals to the lowest officials or office messengers, no man is paid enough to live upon; and any government that adopts that principle must make up its mind to have corrupt officers.

5780. Under these circumstances you hold it impracticable that opium can be excluded from China by the force and power of the Chinese Government?—Perfectly so.

5781. I think you said that a man who smoked opium consumed about a mace worth a day; is that a person who smokes it to excess, or one who simply uses it as we do wine?—I think from half a mace to a mace a day, judging from all the information that has ever reached me from those best informed, would be about the same as a half pint to a pint of wine in this country.

5782. How much would you say for a man who smokes in excess?—I believe some of them consume as much as from one to eight drachms; from the eighth of an ounce to an ounce; that is when you come to the drunkard, to the hopelessly confirmed smoker.

5783. I once saw a calculation by which it was made out that a man who had come thoroughly under the influence of the drug smoked at the rate of 400 dollars a year; would you consider that he could do that?—I think that he might very well do it.

5784. Then, in point of fact, a man who can lay out 100 *l.* a year upon a luxury of that description must belong to a very limited class; to the higher class of society?—Yes; he must belong either to the gentry who have accumulated money, or to the retired officials, or to the acting officials.

5785. In fact he must be a man of property?—Yes.

5786. And one great reason for the dislike of the people to opium is, that women and the families of the people who take it, find such a subtraction from their means that they are most strongly opposed to it?—Yes.

5787. With regard to the quantity, a mace a day comes to 10 *l.* 4 *s.* 7 *d.* a year, taking a mace at 7 *d.*; that even is beyond the means of the commonalty, is it not, of the coolies?—Yes; it must seriously press on the means of subsistence of their families.

5788. But taking those eating-houses where the Chinese coolies and the population generally dine in Chinese cities, where they get a dinner for two candarines, with a glass of weak wine and a pipe of opium; those people cannot possibly take it in such a quantity as to injure their health?—No, certainly not, in that proportion.

5789. Is it not the fact that from the corrupt and putrid nature of the food which these people live upon, some qualification of that sort is almost essentially necessary to health, and more especially in those malarious districts which exist on the courses of all the great rivers in China?—Yes; I have already observed that I thought opium might have a good sanitary influence used in moderate proportions.

5790. And taking that as a fact, and having regard to those who exceed in the use of opium, who are in fact synonymous with the drunkards in this country, the very great proportion of the persons who use opium must use it in a very moderate degree?—I do not think that I have any positive information that would justify me in giving any opinion upon that. My impression is that there must be a good many who do only smoke it in very moderate quantities, because I cannot see the possibility of their getting the means of purchasing it in large doses.

5791. Is it not the case (it was so in my time) that dysentery and diarrhœa and those complaints are much rarer among the Chinese who use the opium in a moderate degree, than they are amongst

amongst the European population who do not use opium except medicinally?—I cannot speak as to that, I do not know the fact. I should think from what I do know, that the Chinese suffer in quite as great a proportion, but I do not know anything very positive about it.

5792. The Chinese coolie is a very robust strong man, is he not?—He does a marvellous amount of work on his vegetable diet.

5793. And he is a very fine shaped man, a very muscular man, is he not?—There is a very fair proportion of them that are muscular, and certainly when they are working for themselves they will do quite as much work as any men I know.

5794. Allusion has been made to placards; the Chinese very frequently put up most offensive placards do they not, with regard to Europeans?—Certainly; and whenever there is any popular feeling got up, as, I believe, generally by the literati, and gentry, and officials, the placards abound.

5795. It is stimulated by those placards?—No doubt.

5796. But that is no new thing, is it?—Until late years we never inhabited any port but one, namely, Canton. Of course we were always the subjects of abuse there, and whenever there was any discussion with the authorities, the walls used to get covered with violently denunciatory placards.

5797. Are you aware that even in the Company's time those placards were frequently the subject of remonstrance with the Yamên?— Yes, and with no more effect than remonstrances now.

5798. Mr. *J. B. Smith.*] I think you stated that our exports of opium amount to something like twelve million pounds sterling?—Yes.

5799. Do you happen to know what is the total amount of our exports of all other articles to China?—From seven to eight millions pounds of British goods.

5800. *Chairman.*] The whole export trade in 1868 was 14,000,000 *l.* from India to China?—Yes.

5801. Mr. *J. B. Smith.*] What is the export of British manufactures from England to China. The increase in our trade in British manufactures to China has been less than with any other country, has it not?—Yes.

5802. But there has been a great increase in the opium trade?—Yes; but there has been an increase also in the trade in manufactures; there has been, in point of fact, an increase both in the opium and in the import of manufactured goods. It is a question of proportion, whether there has been as great an increase in the one as in the other. I believe that the increase has not been as great in the manufactured goods; but the complaint of the delegates is, that since 1865 there has been hardly any increase in the opium, in which I think the returns do not quite bear them out.

5803. During that time, from 1865, has there been an increase in the export of British manufactures?—Yes, they have been increasing.

5804. Then the falling off in opium has been made up by increased export of manufactures?—To a certain extent, it is probable that it would have that influence.

5805. And what do you anticipate would be the result of a diminution of our export of opium; would it increase the other portion of our trade?—I know that many of the merchants think so. It is a very difficult matter for me to give a decided opinion upon. I think that the tendency would be, that it would raise the exchange and increase the demand for foreign goods; and if it could be assumed that the Chinese would really spend less money on opium, of course they would have more money to spend on clothes.

5806. What is the value of the export of tea from China to this country?—We take about 120,000,000 lbs., at about 6 *d.* a pound on an average; from 6 *d.* to 1 *s.* may be taken as a fair average.

5807. Do the exports from China, taking the value of silk, and different articles which they produce, equal the amount of opium that we export to them?—The total exports to Great Britain and her dependencies in the year 1868 amounted to 16,631,129 *l.*, and to all other countries 4,103,294 *l.*; while the imports during the same period from Great Britain and her dependencies amounted to 20,318,475 *l.*, of which about 12,000,000 *l.* was opium. The imports from all other countries amounted to 1,677,116 *l.*

5808. You have told us that the Chinese Government have a most lively feeling of the enormous evils attending the import of opium and the consumption of opium in their country; and that you believe they are sincerely desirous of not only doing away with the growth of opium in their own country, but also of preventing the import of it from foreign countries?—Yes.

5809. Now, is there anything in our treaties to force them to take our opium?—Yes, it is put in the tariff of articles of import.

5810. Then they are bound to allow the free import of opium?—That was a condition introduced into the treaty which Lord Elgin made.

5811. Mr. *Candlish.*] But we do not enforce the purchase?—Not the purchase; but they cannot prohibit the import of opium; it is among the admitted articles on the tariff.

5812. Mr. *J. B. Smith.*] Then, notwithstanding that the Chinese Government are so sensible of the demoralisation of their people caused by the import of opium, they cannot prevent our sending it there; we force them by treaty to take it from us?—That is so, in effect.

5813. *Chairman.*] We have forced the Government to enter into a treaty to allow their subjects to take it?—Yes, precisely.

5814. Mr. *J. B. Smith.*] Is it any wonder that the Chinese Government complain of our conduct in that respect?—No, I do not think it is any wonder.

5815. What should we say if the Chinese imposed the like restrictions upon us?—I think that our answer to them for putting it into the treaty is, "You cannot prevent its being smuggled, and the lesser evil is to admit it as a legitimate article of trade."

5816. But is it not for them to judge of that, and not for us?—No doubt, if two nations are negotiating together on equal terms, each should have a voice.

5817. As regards missionaries, is there the same objection on the part of the Chinese to Protestant missionaries as there is to Roman Catholic missionaries?—No, I do not think there is. They do not make very much distinction, but they do know this distinction, and it is a very important one to them, that we do not assume any protectorate over the converts. Our Protestant missionaries do not assert it, and no Protestant power assumes it.

5818. Then all the Protestant missionaries that go there are subject to the Chinese laws, are they?—No, the missionaries are not subject to their

Sir *R. Alcock*, K.C.B.

6 June 1871.

their laws; they of course are under the protection of ex-territorial privileges; but the Roman Catholic Governments go beyond that, and exterritorialise their converts.

5819. What is the law with regard to Protestant missionaries?—That they are simply entitled to protection so long as they follow their vocation peaceably.

5820. But if the teachings of these missionaries be offensive to the Chinese, do you think that we ought to enforce their residence there?—Do you wish for my own opinion on that subject?

5821. Yes, if you have no objection to give it?—It involves a great many considerations; I do not think that we have any right to force even a religion upon them.

5822. Is there any hope of peaceable relations with China under these circumstances so long as we insist and force them to take opium from us, and force them to take our missionaries contrary to their own wishes?—No, I do not think there is any likelihood that we shall have any really cordial relations or good understanding with the Chinese authorities so long as those two questions do not admit of satisfactory adjustment.

5823. Is it possible to satisfactorily arrange these important points?—I have from time to time believed that they might admit of it, provided we could get the French Government to modify its policy on the subject of missionaries.

5824. But is it any reason that we should not be just because the French are not so?—Nothing that we could do alone would touch the evil. The great evil is that under the protectorate of France the Roman Catholic missionaries interfere between the civil power and Chinese subjects, and no abstaining on our part in reference to Protestant missionaries and their converts would, in the slightest degree, affect that which is the real grouud of complaint. That was what I said to them when they were pressing me about the Protestant missionaries; they wanted me to introduce a clause in the convention; not that they really had much to complain of in regard to the Protestant missionaries in that way, but that it would serve them as a precedent in dealing with the French. It was in the time of the French empire, and knowing how little prospect or hope there was of the French adopting that policy, I pointed out that to introduce any restrictive clause in reference to our own missionaries without its really effecting the end which they had in view would be unnecessarily exposing the British Government to a great deal of hostile comment, and would not really benefit the Chinese Government.

5825. Have you heard of any Chinese publication which holds up the Protestant missionaries as very dangerous men, dangerous impostors, because their books tell them that they must love one another, and love all mankind, whilst they come and make war upon China, and bring opium and all kinds of evil upon the people?—There has been one publication which probably you are alluding to, the work of "A man most distressed in heart," who has collected all that has ever been said against the Christian religion or missionaries in China, and with infinite industry. It is a book full of all kinds of obscene and disgusting charges against the missionaries.

5826. But have you heard of that charge against them of acting contrary to the principles which they teach?—Yes; that is amongst the charges.

5827. That work is the work of a literary man, I suppose?—They say it is composed with a great deal of literary skill, and that he is a man of education, and has quoted from all the works on the subject that have been published in China in the last 200 years.

5828. Sir *T. Bazley.*] Does the consumption of opium shorten life at all?—I have already said that we are deficient in accurate statistics on a large scale which would enable one to decide the question with something like certainty. One can only speak vaguely from what one infers and what one sees in a more or less limited area. For that reason I have a great objection to speaking in any way categorically about it, but from what I know of the use of opium, and have seen of it in China, I have no doubt that it does tend to shorten life whenever used in any excess.

5829. And does the consumption of it tend to diminish the desire for food?—Yes, I should think so; and, to a considerable extent supply the want of food, just as smoking tobacco does, and the use of tea.

5830. Then by shortening life and diminishing the consumption of food, is not the agriculture of China much affected?—It would have that effect.

5831. Mr. *Candlish.*] Is the hatred of the Chinese to the missionaries one which they cherish on account of their special religious teaching, or on account of their civil and political action?—I believe it is chiefly on account of their civil and political action under the French protectorate; I believe that is the gravamen of the offence. But you must understand that there are other causes in operation. In the first place, Buddhism is the professed religion of the great majority, and the rest are what may be called Rationalists; that is to say, they are Confucianists. In any case the missionaries, no doubt, in the discharge of their duty, think it necessary to point out the fallacy or error of these more or less idolatrous religions, and that cannot be a popular thing with people who give themselves up to them.

5832. But perhaps you would limit your answer to the professionals?—The Buddhist priests are really not men of much influence, but there are a great many Chinese, and especially amongst the women, who are more or less believers in these idols of the Buddhist religion. And the confessional must have a great deal to do with it, because, even in a Protestant population, it is a very unpopular thing for an officer of the church to walk into a household and to be closeted with the women one after the other; but what is it in an Eastern country, where for a woman to be *seen* even by any male but her father, or husband, or brother is a disgrace and scandal? What must be the feeling in China when they see that the moment this religion is introduced into a household the women, married and unmarried, are closeted with the priests? Of course they only draw one inference from it, which is that there is debauchery at the bottom of it.

5833. But I think you distinguish between the Roman Catholics and the Protestants?—Yes; I am speaking now of the Roman Catholics, who are much more in the interior, and are at the bottom of this special grievance.

5834. If the Chinese authorities were left unfettered by treaty obligations do you think that they would expel Protestant missionaries?—Every missionary; and they would exterminate their

their own converts. I believe they would do again what they did in the 17th century.

5835. Mr. *Grant Duff*.] Both Roman Catholic and Protestant missionaries would be expelled, you think?—Yes.

5836. Mr. *Candlish*.]. The Chinese converts have received Protestant missionaries with some degree of cordiality in some places, have they not?—The missionaries say so, but, I think, not with a very decided tone. Of course they are received with varying degrees of indifference or of hostility; I doubt whether they are ever received anywhere very cordially.

5837. We have been talking of enforcing our religion; but we do not enforce it otherwise than through the intellect, do we?—We compel the Chinese authorities to abstain from any act that could interfere with the missionaries.

5838. Do you disapprove of leaving them free?—I think that we are bound to protect our missionaries if we allow them to go into the interior; we cannot give them up to the Chinese authorities, because it would be giving them up to torture and murder. But I do not approve of any means taken to force religion upon a people or a nation.

5839. You are satisfied that we rightly apply the word here when we say "enforce"?—Yes, I think it amounts to that; certainly it does under the French protectorate.

5840. You speak with less confidence as to the action of the English Government?—The Protestant powers generally, and the British Government more especially perhaps, have carefully abstained from ever supporting their missionaries in any interference between the civil authorities and their own subjects.

5841. You said that the sudden discontinuance of the use of opium on the part of a person who had been using it immoderately, would result in sudden physical collapse and death?—Yes.

5842. But you do not attribute the death to abstinence from opium, but to its previous immoderate use?—I think the system gets in that state that without the continuance of the stimulant, the powers of life cannot go on.

5843. But without its previous immoderate use, you would not anticipate any great evil from discontinuing it?—I think after moderate use it might be discontinued, with a great effort perhaps, but without much injury.

5844. You have also spoken of the use of opium in counteracting the bad effects of putrid food?—I think it is possible that it does. I have no sufficient data to justify me in speaking of it positively as a sanitary influence.

5845. Mr. *Grant Duff*.] Looking at the state of feeling in Western Europe, both in Protestant and Catholic communities, it is very unlikely, is it not, that the resort of missionaries to China will ever now be stopped by the action of the Western Governments?—I think that if the Western Governments looked at the relations of the West with China in a large point of view, taking into account political and commercial as well as religious considerations, they might see that it would be to the interest even of religion not to press, in the way that the French Government has always done, missionary operations in the interior of China, with an amount of protection to the converts which rouses all this hostility, jealousy, and alarm, and which is creating an *imperium in imperio* that no government will submit to, except under force; and, therefore, I think that they might come to the conclusion that it would be better for the interests of peace and religion, as well as of commerce, that they should abstain from taking that course.

Sir *R. Alcock*, K.C.B.

6 June 1871.

5846. But looking at the state of public opinion, it is hardly probable that at any time to which we can look forward the Governments of Western Europe will be able, even if they wished, either to take your enlightened view or to stop the resort of missionaries to China?—I think that the Chinese Government, if it felt stronger, could stop it at once; I do not think that the European Governments could prevent the resort of missionaries to China, but they could prevent its being so productive of hostility and irritation.

5847. But they could not prevent its being productive of hostility and irritation, could they?—I think, in co-operation with the Chinese Government, they could.

5848. Do you think that the opinion of the Catholic world, or the opinion of the Protestant world, would ever back either the Catholic or the Protestant Governments in putting such a check upon missionary operations in China as might make the resort of missionaries to that country agreeable to the Chinese Government?—No, I do not; I do not think that they could make it agreeable; but I think that they would take its chief sting away if they could agree among themselves, as I think might be possible, without doing violence to the Catholic feeling of Europe which you are describing—to protect their own missionaries from any violence or action on the part either of the populace or the authorities, but to absolutely abstain from interfering between the Chinese authorities and their own subjects.

5849. In short it would be necessary, speaking from the point of view of the missionaries; to sacrifice the converts to the Chinese Government?—That is to leave them to go through the stages which they have gone through in all periods of the world's history, whenever there have been any great conversions, that is to face martyrdom.

5850. Then as long as this missionary irritation is kept up do you think that the abatement of the opium irritation, in so far as it could be abated by the action of the British Government, would make very much difference in our relations with China?—I think it would; it would relieve us of one of two grave reproaches, and it would relieve the Chinese Government of one of two grave sources of anxiety. I think it would have an influence; it certainly would not effect the reconciliation of the conflicting interests and views of the two countries.

5851. But supposing that the British Government were to retire from all its treaty obligations with China, in so far as they concern opium, you have admitted to Sir James Elphinstone that opium would still be very largely smuggled into China. If that were so, would not the people connect the British Government with that smuggled Indian opium just as much as they do now with the imported opium?—That they would connect them with it, I have no doubt. Whether they would do it as much or not, I do not know; they would certainly connect us with it; and we should be mixed up with it a great deal, especially as it would be chiefly opium grown in India that would be so smuggled.

5852. Then the opium irritation could not be wholly abated unless we were absolutely to prohibit

Sir *R. Alcock*, K.C.B.

6 June 1871.

hibit the exportation of opium from India?—No, we could not meet the evil in a radical way, unless we were prepared to sacrifice all cultivation of opium.

5853. And that would be inflicting a fine upon the people of India of about 7,000,000 *l.* per annum?—About 7,000,000 *l.*, which is the revenue that we now raise from the Chinese in fact.

5854. That is to say, we should be depriving the people of India of an estate worth about 7,000,000 *l.* per annum?—That would be the practical result.

5855. Have you ever investigated the history of the growth of opium in China, and do you know how far it can be traced back?—Yes; Mr. Hobson, the commissioner of customs at Hankow, obtained some interesting information about that, which I have no reason to doubt is perfectly correct, and it goes far to show that we are more sinned against than sinning in reference to the first introduction of opium. It existed in Yunnan certainly before the beginning of this century. Mr. Hobson says, "The popular story in Szechuen is, that 100 years ago opium was introduced into Szechuen, Shensi, Yunnan, and Kweichou, from India and Thibet. At the time of the introduction it was esteemed for its medicinal properties only; but during Kienlung's reign it was discovered to be smokable, and the Szechuen people were among the earliest indulgers." But that the Chinese both cultivated the poppy in one or more provinces, and consumed it to the extent of many thousand peculs annually, long before there was any attempt to import the Indian drug, seems more than probable. We are responsible, therefore, to the extent of dealing in it and promoting its production in our Indian territories for the profit of the revenue during this century; but they certainly had it before, because in the latest edition of the "General History of the Southern Province of Yunnan," which was revised and republished in the first year of Kienlung's reign (A.D. 1736), opium is noted as a common product of Yung Changfoo. Now, as Mr. Hobson, the acting commissioner, well remarks, if 134 years ago so much opium was produced as to deserve notice in such a work as the one I refer to, it may be safely asserted that the production could be no novelty to the Chinese population at the beginning of the present century, when we first began to import it in small quantities. I think the importation in the beginning of the century was about 4,000 chests. In 1836 a certain Choo-tsun, a member of the Board of Rites, and a native of Yunnan, memoralised the throne regarding the cultivation of the poppy in his native province, and he then stated that the annual production of the drug could not be less than several thousand pounds. At that date the annual import of foreign opium was some 20,000 chests, 2,660,000 lbs. It was not till three years after that the Chinese authorities demanded the surrender of all the foreign-owned opium stored on board receiving ships in Canton waters, amounting to near 20,000 chests; which the Chinese (and our friends the Americans also) say was the cause of the war; they call it the "Opium war."

5856. Supposing that not an ounce of Indian opium entered China, do you believe, taking into account the want of power of the Peking Government in its remote provinces, and the direct interest of the mandarins in the other provinces, to allow the growth of opium for a consideration that any apparatus of laws and decrees proceeding from Peking would really stop the growth of opium in China?—No, I have never contemplated that anything could be done by either or both governments combined, beyond restricting the area, and perhaps gradually diminishing it, so as to keep what they consider an unmitigated evil within limits.

5857. As to its being an unmitigated evil, does not the very fact of there being this passion for opium on the part of a large portion of the Chinese population, a passion which we cannot in the least understand, show that there is some want of it, dependent probably upon causes which are yet obscure to us?—Yes, to a certain extent I should agree in that view, because I have always had a conviction that a craving for something of a stimulating or narcotic character is universal.

5858. There is nothing more obscure than the causes which lead different nations to desire and to use some form or other of stimulant or narcotic?—That is so; there has been no country yet discovered, and no age of the world in which stimulants and narcotics of some kind or form have not been in use. They amount to more than 50; they are in every possible form; and yet no race, whether savage or civilised, has ever failed to discover them, although often by very recondite processes, sometimes by boiling roots, and by discovering the quality of narcotism or stimulus in the product by fermentation or distillation.

5859. And all experience shows that the desire for these stimulants are governed by influences which the legislator may watch, but in which he cannot effect sudden or violent changes?—Yes, I think so; I think it amounts to no more than controlling and watching.

5860. So that by attempting to effect through legislation any sudden or great change in the opium consumption of China, we might unwittingly be doing as much harm as good?—Quite so; first, it would utterly fail, it must fail; and, in the next place, all sudden revolutions of that kind must affect capital and industry, and could not fail to be a great evil. I have always objected exceedingly to any attempt suddenly to put an end to the opium trade, or to take any violent measure in that direction.

5861. Then all I understand you to say is, that you think the Chinese and British Governments might, if they thoroughly understood each other, and worked together, effect some regulation of the opium traffic that might be for the advantage of both countries?—Yes, they could regulate, but they cannot prevent, and they could diminish both the alarm of the Chinese Government and the absolute amount of the consumption. There was a minute made when I had communication with the council in Calcutta, which Sir Henry Durand, the writer, gives in a very few words what was the sum and substance of my views on that point. Remarking that I had arrived at the conclusion "that a compromise which gave the Government *time* and the Chinese Government the power, to assure their own anti-opium party that they had secured a reasonable co-operation on the part of the British Government would prove more favourable to the interests of the Government of India than allowing the Chinese Government to have recourse to the extreme measures it avowedly contemplates." He then states, as his own opinion, that a conflict between indigenous

China

China opium and India opium was inevitable; that that conflict could only be met by leaving trade to its natural action and freedom, Government gradually withdrawing from the culture, and limiting its interference to the raising of such an amount of revenue by the system of license as the competition between the indigenous and the Indian opium admitted. There were three different views which I found prevailing when I went to India. One was that there was no competition to be feared, and I see that a writer in the "China Telegraph" takes the same view; he seems to be some merchant in China, who founds his opinion on the great superiority of the Indian drug, and the decided preference of the Chinese for it. Another, that there was a very dangerous competition already existing, and more to be feared. All the merchants engaged in the opium trade of India and China, as well as consuls, delegates, and commissioners of customs, are unanimous in that view. A third view was that competition being inevitable whatever British or Chinese authorities may do, there was only one way of dealing with it, namely, to promote cultivation and increase production, reducing the price to 1,200 rupees, a price which it was assumed would render competition impracticable. Sir Henry Durand and, I think, Sir Cecil Beadon both held opinions very much in accordance with this, concluding that whether the Indian Government withdrew from an active part in the cultivation or not, what they had to do was so to regulate the area and conditions of production and sale as to prevent the price getting so high that it must necessarily encourage either the Chinese cultivation or the trade from Turkey or Persia, to which there seemed to be a great tendency. From the Persian Gulf, already some 4,000 chests are sent in the year, and from the ports of Turkey, coming now through Egypt and Suez, more than 1,000, with a tendency to increase. My idea was for us, in co-operation with the Chinese, to agree to limit the area, to prevent its continual extension, and to have such an understanding that there need be no sudden displacement of capital or industry. It appeared to me that they might easily agree that only a certain area or a certain amount of produce should be permitted in either country from year to year; that it should go on diminishing on both at some fixed rate, *pari passu*, and that they should so work with each other that they could prevent its ever getting beyond a certain amount, provided always that they could see their way to prevent an increased quantity from Turkey and Persia supplying the void, which was a difficulty not to be overlooked. Limiting the area of cultivation, and regulating the taxation, putting it as high as you could, without increasing and stimulating the production of opium elsewhere, while the Chinese Government laboured, by such means as might best attain the end, to wean their own subjects from habits of indulgence or intoxication, and so lessen the demand, seemed to me to be the true policy for the present time.

5862. Mr. *J. B. Smith.*] Although the Chinese Government are bound to admit our opium, is there anything to compel them to admit the opium of any other country?—Inasmuch as in all the treaties there is what is called a favoured-nation clause, I presume that if any flag brought opium, no matter from whence, the Chinese could not exclude it.

5863. Do other nations then get that clause inserted in their treaties?—They always have a favoured-nation clause, that is to say, a clause which says that they will have all the rights, privileges, and advantages given to the most favoured nation; and, inasmuch as the admission of opium in the tariff is one of the rights and privileges secured to the British by treaty, it is in effect secured to all the other nations. Vessels under the flag of France or any other country might bring it in, and then they would claim a right under their flag; Persia, you may say, has no treaty, nor Turkey, but opium from both comes in under some other flag.

Sir *R. Alcock*, K.C.B. 6 June 1871.

5864. Sir *C. Wingfield.*] Have not all these different treaties expired, that is to say, there is an opportunity now of renewing them, and it is optional with the Government to give notice to terminate them?—No; for instance, one of the treaties has no period specified at all, and we have at the end of 10 years a mutual right of revision only of the commercial clauses.

5865. But suppose the Chinese Government were to say, "We decline to admit opium; we will not renew the treaty, except on the condition of excluding opium altogether"?—I think they could only do that on the same principle as that on which Prince Gortchakoff declared that Russia would not submit to the continued neutralisation of the Black Sea; they must be prepared to fight for it.

5866. It is open to them to terminate the existing treaty?—They conceived that it was as regarded this and some other clauses, and in the revision of the existing articles they pressed it very much, but we did not feel bound to give it up, and they could not compel us except by such a process as I have indicated.

5867. It would not be a breach of treaty if they did terminate it, would it?—Yes, it would, if done without our consent.

5868. The treaty was for 10 years, and that has expired?—No, the treaty was perpetual; but there was a clause by which each party should have the right of demanding a revision of the commercial clauses.

5869. If they did demand a revision and we declined, then nothing could be done?—Nothing could be done then. However, in point of fact we did demand a revision and they went into the revision, and that was one of the things they demanded.

5870. In that revision they wished to put a higher duty, or they did put a higher duty on opium, did they not?—No, that was a concession that I made ultimately. I thought it an advantage, but the merchants did not like it. Inasmuch as the Chinese were insisting and urging, by every argument they could adduce, the necessity of the British Government consenting to the total prohibition of opium in order that they might be exonerated in their own view and with their own people from authorising and licensing it: I thought to get them to consent, when under no compulsion, to admit it as a legitimate article of commerce, and to take an increased revenue from it, was in fact getting them to take a retaining fee in our cause. I looked upon it in this light, and as a preliminary to the British and Chinese Governments coming to some arrangement of the nature which I have just been pointing out. By such means I conceived they might limit both production and consumption without attempting

Sir *R. Alcock*, K.C.B.

6 June 1871.

to put down the trade in opium entirely,—which I conceived to be an impossibility.

5871. By that treaty, which was not adopted afterwards by the Home Government, the duty was raised, was it not?—Yes, 20 taels; two or three per cent. on the value of a chest.

5872. Did not the Indian Government think that that was prejudicing their opium?—Yes, they did not like it; they said that already they found it difficult to compete with the Chinese opium, and it was weighting them in the race.

5873. I gathered from what you said just now, in reply to questions by Mr. Grant Duff, that your general view is this, that India opium could not be kept out of China unless the Government of India were not merely to discontinue the cultivation on its own account, but also to prohibit its exportation?—Yes.

5874. And you also say that the Chinese Government would not be able entirely to prevent cultivation in China, they can only restrict the area devoted to the production of opium?—That is to say, I doubt their being able to stamp it out utterly, looking at the usual corruption of their own people. They think that they can at all events; and they said that they would try if we would give them the power, by allowing its importation to be prohibited.

5875. Therefore the result is, that if we were to comply with their request, we should impose on India a loss of seven millions, which must be made up by extra taxation on our subjects with no certainty even of a compensating advantage to China?—Precisely; and that is the view that I exposed to the ministers. I said, "The only thing certain is a great loss of revenue to us, a great loss to merchants of capital engaged, and a very uncertain and doubtful benefit for you."

5876. Mr. *J. B. Smith.*] As I understand you, you say that the Chinese have made a treaty from which it is not possible for them to escape?—It is not possible for them to escape from it except by a declaration that they will not submit to what they conceive to be injurious terms.

5877. The only way that they can escape from it is by a war?—A war, or a declaration that they are ready to go to war rather than submit any longer.

5878. Sir *D. Wedderburn.*] Is there any importation of Indian opium into Japan?—Merely for a Chinese colony that they have got at Nagasaki. The Japanese, I am happy to say, do not consume opium, but they drink hard.

5879. A former witness stated that in Western China, India opium was not consumed at all, but that they preferred the native drug. Is that your opinion?—Yes; there is a much larger consumption of native opium in the west than in the east. I do not know that foreign opium does not find its way there, or if it does not, I doubt its being because it is not liked, but I think that the expense becomes so enormous by the time it gets there as to exclude its use.

5880. Mr. *R. Fowler.*] I want to ascertain whether the Protestant missionaries in China have any facilities beyond what in European countries we think the commonest facilities. They live, I believe, at the treaty ports, and simply make journeys up the country, and they do not go in any other capacity than as mere travellers. Of course I understand, as regards the Roman Catholic missionaries, under the protection of France, that there are very good grounds of complaint, but I am speaking of English missionaries, and I suppose that the same remarks would apply to the Americans?—As regards the British missionaries, they simply travel with the same rights and privileges that other British subjects do, but that involves exterritorial privileges; that is, that they are in no way subject to the laws of the country; and that is what the Chinese object to.

5881. Mr. *Candlish.*] The treaty which we have with China, is, in point of fact, a treaty imposed on them by our superior power?—Most undoubtedly; there are a great many things in that treaty which they never would have consented to of their own accord.

5882. If they were a power equal to ourselves they would not submit to it?—They would abrogate it no doubt.

5883. Sir *W. Lawson.*] There is one thing that I want to have your opinion upon quite clearly. Do you not think that, supposing the English, *bonâ fide*, attempted to prohibit the sale of opium and gave up the present system, the Chinese Government, being backed up by the public opinion of the people of the country, it would be possible to have the trade prohibited, and virtually to put a stop to this great sale and consumption of opium in China?—I think the practical result would be very doubtful, inasmuch as we cannot be at all clear how far the Chinese themselves would succeed, either in preventing the cultivation in China, or in preventing extensive smuggling on their coasts.

5884. But I understand from your evidence that you consider that they are thoroughly in earnest in the matter, and that they are only prevented from doing anything by the superior power of England in forcing the sale?—That is the general tendency of my evidence, that they are honest in so far as they really desire, or would desire, to see the consumption of opium put a stop to, and that they feel that they are powerless in face of the determination of England to have it inserted in the tariff.

5885. Do you say that if that determination of England were altered, they would still be powerless to check or remove the evil to a great extent?—I think that it would be a great experiment; and the result, I am afraid, would be doubtful.

5886. Do the mandarins and higher officials wish to do away with it, or is it the people?—There is a very general popular sympathy with that wish, and a feeling that after all, though it may be pleasant it is very wrong, and does them mischief, and impoverishes and demoralises the nation.

Mr. CHARLES ALEXANDER WINCHESTER, called in; and Examined.

Mr. *Winchester.*

5887. *Chairman.*] WHAT office do you hold?—I do not hold any now. I am retired.

5888. What office did you hold?—I was Her Majesty's Consul at Shanghae, and retired last year.

5889. Did you hear the evidence given to the Committee by Mr. Cooper?—Part of it, not the whole.

5890. Do you concur generally in the views that he expressed relating to the connection of the

the Chinese with the opium revenue and the opium export?—Yes, I concur with that part of it which I heard.

5891. Do you think that the evils which result from the importation of Indian opium into China are such as to render the continuance of that source of revenue to the Government of India doubtful?—I think not.

5892. Is it your opinion that the opium will continue to be consumed steadily by the Chinese in quantities equal to those at present consumed?—Yes, that is my opinion.

5893. You do not anticipate any great disturbing influences in China on the growth of Indian opium or otherwise?—No; I am convinced of the correctness of the opinion stated by the last witness, that there is a general taste for Indian opium, independent of the mere strength of its narcotic principles; I mean that they prefer it as a luxury in the shape of Indian opium to opium of the same strength grown elsewhere.

5894. Do you think that the consumption of Indian opium is likely to increase?—I think that it might increase, but it would fall in price as a matter of course if it did increase. I fancy that the Chinese take as much of it as they can well afford to do.

5895. At its present price, you mean?—Yes.

5896. Therefore any increase must result in a proportionate diminution of the price?—Yes.

5897. How long were you in China?—I went to China in 1842, and remained till 1868, in constant employment.

5898. Did you travel much into the interior of China?—Yes, I occasionally made journeys; I have not made any journeys of very great extent, but I have seen, naturally, during that time a good deal of the Chinese people.

5899. Had you much opportunity of communicating with Chinese of education and intelligence, and deriving information on this subject from them?—Yes, I saw a good deal of the opium trade, especially at the first port that I was attached to, namely, Amoy, where I was nine years, and which is a great opium mart.

5900. Did you find that the Chinese people whom you communicated with entertained the same view as you have now expressed, or did they differ from you in opinion?—No; I think that the Chinese satisfied themselves that opium was a stimulant which they must have, and whether good or evil they were willing to pay the price of it.

5901. Did the Chinese themselves anticipate any interruption in the consumption of opium?—I think not. I may say that, being a medical man, I was led to the conclusion that there was a certain aptitude in the stimulant to the circumstances of the Chinese people; they suffer greatly from febrile diseases, from diarrhœa and dysentery, and in many cases, I presume, that originally the habit of opium smoking was adopted in order to alleviate the annoyances and physical pain attaching to that class of diseases.

5902. Do you know to what extent opium is consumed in the Fen districts of England?—I have heard that it is consumed more there than in the other districts; and I attribute the determined predilection of the Chinese to that form of stimulant to the malarious character of the country, and the utter absence of all sanitary rules.

5903. Is this malarious character of China due to the natural state of the country, or to its excessive irrigation?—It is due to irrigation, natural and artificial, and which is very extensive, owing to China being permeated by the greatest rivers probably in the world; and to the fact that probably their system of manure exposes them to emanations which are more or less productive of fevers; and especially in the lower classes to the fact that they positively hate ventilation, and shut out fresh air rather than admit it.

5904. Mr. *Cave.*] Is the consumption of opium confined to the unhealthy parts of China?—No; I suppose that the consumption of opium is general all over China, but I know it only, of course, in the neighbourhood of the parts where I have been resident.

5905. Have you any reason to give for its being consumed in the healthy districts?—No; except that in reference to the use of stimulants we always see that it is their nature, as it were, to spread, to expand themselves.

5906. You think that it began on the coast and spread inland gradually?—The consumption of Indian opium certainly began on the coast and spread inland. I doubt if the consumption of Indian opium is nearly so great in the interior as along the sea coast; it must be more an article of luxury in the interior.

5907. But opium is grown in the interior, is it not?—Yes, the Szechuen opium.

5908. That did not spread from the coast, I suppose?—That, of course, did not.

5909. You have no theory upon the consumption of opium in the interior except that you think the taste spread from the coast?—I conceive that, looking to the amount of opium imported into China, we cannot suppose that it has reached the limit of possible consumption by so enormous a population as that country possesses; and I think that the use of both the native opium and the Indian drug is probably on the increase.

5910. But it has not that beneficial effect to which you have referred upon the consumer in the interior as well as upon the coast, I suppose?—I cannot speak as to that; I am speaking merely from what I have personally observed, which of course limits itself to inferences, from my residence on the coast.

5911. I wanted to see how far the inferences would go, because, if you state that the reason of its being consumed on the coast is from the malaria and unhealthy nature of the coast, of course that is a very reasonable theory, but that would not apply to other parts of the country, would it?—The same character prevails generally through all the warmer parts of China.

5912. Is there not a portion of the interior of China that is perfectly healthy where opium is largely consumed?—I have never been in Szechuen; I have been in Hankow, which is the highest point of the Yangtze that I have reached, and up to that point the amount of irrigation was enormous.

5913. Sir *C. Wingfield:*] Do you believe that the Chinese Government could, if they wished, prohibit the cultivation of opium in China?—I believe it is exceedingly unlikely, no matter what sincerity there may be on the part of the heads of the Chinese Government, that there ever should be a successful attempt to prevent the cultivation of the poppy in China, that is to say, looking to the whole character of the government.

5914. So that when they propose to us to co-operate with them to keep the Indian opium out of China they would be really stimulating the consumption,

Mr. *Winchester.*

6 June 1871.

consumption of the home-grown opium?—I do not know that that would be the object of the propostion; I should fancy that in such a proposal as Sir Rutherford Alcock has stated was made to him, they probably brought forward opium into the front of the battle for the purpose of fighting more successfully against the various demands that he made for enlargement of the commercial privileges.

5915. Then you think that they made opium a sort of stalking-horse?—Precisely so; but at the same time I wish it to be understood that I believe there is a strong feeling, on the part of the Chinese, that opium is a very bad thing, and that it ought to be put down. At the same time their virtue is not quite equal to the carrying out of these opinions.

5916. But if we were to agree to an arrangement of that kind, it is by no means certain that the end which the Chinese Government profess to have at heart, namely, the cessation of the cultivation and consumption of opium in China would follow?—I doubt very much whether it would follow.

5917. How do you reconcile the fact of which we are told, and which seems to be undoubted, that there is an immense consumption of opium in China, with the fact that at the same time there is a strong popular feeling against the importation and consumption of opium?—Very much in the same way as there is in this country a very strong popular feeling, on the part of many classes, against the use of intoxicating liquors, and that because they are known to be prejudicial to the population. In the same way there is no doubt that opium, as a stimulant, is attended by many evils and produces great miseries in private families; and looking to these, men who regard simply the evils that it produces say it ought to be put down.

5918. Then the bulk of the population are opposed to the consumption of opium?—If the bulk of the population are opposed to the consumption of opium, they nevertheless practise it.

5919. It is the minority that are addicted to the consumption of opium, and it is the majority of the population that are averse to it, is it not?—I can scarcely answer that question. It is chiefly amongst the literati and officers of Government that the expression of strong opinions against opium may be looked for; it is what you may call part of the official faith.

5920. The objection to it prevails among the upper and educated classes, in fact?—Yes; and yet my experience is that they indulge in opium probably quite as much as the mercantile classes do.

5921. But they disguise and conceal the habit, I suppose?—They disguise and conceal it very much. A Chinese merchant of a respectable character does not conceal from you that he takes an occasional pipe of opium. An official, a mandarin, who smokes probably the same amount, would conceal it, and would consider any allusion to the subject of his taking opium an offence.

5922. Have you ever been into the interior any distance?—I have made various excursions in the neighbourhood of the ports to which I have been attached, but I have never been travelling for days together by myself.

5923. Have you had opportunities of observing whether the effects of the use of opium are very deteriorating to the physical constitution?—There is a stage of opium smoking in which unquestionably the effects are very deteriorating to the physical constitution; but at the same time my own impression is that a certain amount of opium smoking is not so; at least, taking the commercial population of Canton and Shanghae, which I have had opportunities of observing, the compradors, domestic servants, and others, who, as stated by Sir Rutherford Alcock, are very able men, quite equal to the work expected from them, well conducted and polite in every way, and do not show very marked symptoms of the evils of opium smoking. And I may say the same from having observed the Chinese in California also; there is no doubt that there, where there is no restriction of any kind upon the subject of smoking, the Chinese are a very honest, active, industrious class of people. And I believe that the same may be said of the Chinese in the Straits, where they certainly have kept themselves quite on a par with the Klings, Malays, and other native races, and where they are probably more addicted to opium smoking than they are even in China. I therefore presume that there is a large class who do not suffer such effects. I state the facts, so that the reason on which my inference is founded may be plain to the Committee.

5924. I believe that the Chinese in Australia, who are very numerous, all take opium?—I have never seen the Chinese in Australia. I know the Chinese in the Straits intimately, and I remained a few days in California, as I came from China, during which I made it my business to acquire as much information as I could about the Chinese population, and to speak with a good many of them.

5925. Mr. Cooper, the traveller in China, of whom you may have heard, said that his chair-bearers took a very large quantity of opium every day, and that if suddenly their opium was stopped they were in a state of perfect physical and mental prostration; and he said that if you were to suddenly stop the supply of opium to the Chinese, you would sentence a quarter of the population, or something like it, to death; do you agree with that statement?—There is no doubt about it, that to cut off from a man who has been in the habit of smoking, even moderately, the supply of his opium, is to subject him to a very great privation. That is probably the greatest evil connected with opium smoking, that it cannot well be stopped.

5926. Have you heard it said that it shortens life, and that few old men are to be observed amongst opium smokers?—I have known many old men amongst opium smokers, and men of all ages.

5927. Might those be prematurely old men, or were they men in advanced life?—Men in advanced life.

5928. Mr. *Birley.*] Assuming that the use of opium cannot and ought not to be prohibited, can you suggest any better mode of regulating the trade and importation from India, and the revenue derived from it, than that which at present exists?—Do you mean in China, or in India?

5929. I conclude that your experience has been in China, and, therefore, of course I should ask you as to what you have had an opportunity of observing there; would your experience dictate any better mode of regulating the trade as regards the introduction of the drug into China, and the revenue derived by the Indian Government

ment from it?—Opium, as it is being introduced into China, is at a disadvantage as compared with other articles of commerce, in so far that it is not protected after its first introduction. The Chinese government are bound to admit it on a payment of 30 dollars, but they are not restricted as to the duties which they shall levy on opium after it has left the hands of the foreign owner as they are in reference to piece goods and other articles of commerce.

5930. I think we had it touched upon by Sir Rutherford Alcock just now, but the treaty which he proposed in China was to have added somewhat to the duty on opium, and to have freed it from all the transit duties, was it not?—It was a simple addition to the duty which he proposed, and that was the foundation of the objection made by the mercantile community; but I may state that I should think it very desirable that if the duty were to be increased, opium should be put upon the same footing as other articles of commerce, that is to say, provided the Chinese government can be induced to consent to do so.

5931. Mr. *Beach.*] Did you observe any difference in the effects produced by Indian opium and Chinese opium?—No; I have never seen any difference in the effects, because I do not believe that the class of opium smokers with whom I have principally come in contact, that is to say, persons who were either merchants or officers of Government, ever did smoke native opium, they so much prefer the Indian. The statement of the Chinese is that native opium is sour and hard; and, I believe, that the Turkey and Persian opium which is introduced into China, is chiefly used for mixing with the native drug; but unquestionably the preference of the classes of the opium smokers on the coast for the Indian drug is very marked indeed. I may mention a fact which the Committee may perhaps have been informed of before, which is, that at Canton and in the South of China Malwa and Patna are bought in almost equal quantities. In Fo-Kien, at Amoy, and Foochou the Bengal is the favourite drug, and there is very little Malwa bought. And a more extraordinary fact is, that at Amoy the consumption is principally of Benares, which is sent to China in a very limited stock; a goodish portion of the Benares sent to China is taken off at that one port. Again, at Shanghai Malwa is in principal demand, and the Bengal drug is in very little demand there. In Shanghai Turkey opium is almost never sold; it is sold generally in the South of China, when it is supposed, I may say, to be mixed with the native opium; but at Shanghai it is very little sold.

5932. One statement that we had was, that the Chinese preferred their own opium to a certain extent, because they could smoke the more of it from its being coarser; what do you say as to that?—That is not in accordance with my experience; but I may draw the attention of the Committee to the fact that Turkey opium, which is certainly very much stronger as regards morphia, has never until very lately reached the price which the Bengal drug, containing a less quantity of morphia, has reached; therefore, if one is merely arguing from the strength of opium as to whether the Chinaman will prefer an opium because it is strong or because it is weak, that does not fulfil the conditions which make opium palatable to smokers.

5933. Sir *W. Lawson.*] I understood from you that the bulk of the inhabitants of China would be glad to abstain from this opium, and would think it better to do so, but they cannot resist the temptation when it is put before them?—Well, I believe that there is a theoretical impression very widely existing in China, that it would be desirable to abstain from opium; I certainly think that.

5934. The facility of getting it is the temptation that leads them on?—Yes.

5935. I think you said that you were a medical man?—I studied medicine, but I have not been practising.

5936. Would you recommend persons who lived in close rooms without much air to smoke opium?—I believe that I would not recommend any man to smoke opium under any circumstances.

5937. Mr. *R. Fowler.*] You have had experience of the effects of opium on the Chinese who take it, I presume?—I have observed the effects; I have never smoked it myself.

5938. But it would be your opinion that it has a very prejudicial effect on the health of the people?—On the whole, I should say yes. But there are two conditions of opium smoking; there is what you might call the moderate opium smoking, and there is that stage which I would call opiamismus, as being equivalent to what may be called alcoholismus. I think you must view these two different conditions as entirely separate, in considering the effect of opium on individuals.

5939. Sir Rutherford Alcock expressed a doubt whether people ever remained moderate smokers. What would be your opinion on that point?—My opinion is rather more in favour of the view that they do. And it is derived from my observations upon the general activity and energy of the Chinese, both in the neighbourhood of the ports, and in the Straits, and in California from their being on the whole a useful people, and a laborious diligent population.

5940. Then it is your opinion that a man may continue to use opium as we use wine and the lower classes use beer in this country, without ever being induced to use it to excess?—Yes, I feel sure of it; I have known men who told me that they had smoked opium all their lives, and who were perfectly competent to all the duties of their position.

5941. And who were elderly people?—People of 40 or 50.

5942. Any of 70 or 80?—Men of the usual ages in private life.

5943. When a man accustomed to a large quantity of opium is deprived of it, the effect is dreadful, is it not?—The more opium a man indulges in, of course the greater must be the effect of its withdrawal, and as I have already said, it must be very cruel indeed.

5944. Sir *J. Elphinstone.*] With regard to the question, in a medical point of view, the great proportion of China consists, does it not, of those great alluvial valleys, which are in most cases malarious?—Yes.

5945. All are at certain seasons of the year, are they not?—Yes; I should say all of the south of China.

5946. I think you said that it was your opinion that the inhabitants of those portions of China were benefited by the moderate use of opium?—I have no doubt that they take it to relieve themselves; that the foundation of the habit of

Mr. *Winchester.*

6 June 1871.

opium smoking was the temptation to relieve those symptoms of annoyance and of physical pain consequent upon the class of diseases to which they are subject.

5947. Consequent upon these dysenteric diseases?—Yes.

5948. Is not this use of stimulants, which is common to every country, a sort of instinct of the natives of that country to meet some contingency in the atmospheric or physical influences of the country?—I verily believe so.

5949. How much money does it take in the year for a man to make a sot of himself with opium; what would be the money value of the quantity of opium that a man will consume who is habitually abandoned to the use of opium, who is in the secondary stage, in fact?—I never have made the calculation, but I presume that 400 or 500 dollars a year would be a very liberal consumption of opium, and likely to carry a man far into that stage.

5950. We will take, first, a man in the secondary stage; do you suppose that a man in the secondary stage requires 500 dollars' worth of opium in the course of the year to maintain him in the degree of comfort which is necessary for his debilitated frame?—He requires a large quantity of opium, no doubt, to maintain him in that state, because the opium he does take has less effect on him.

5951. You would not be surprised at 500 dollars' worth?—No.

5952. One hundred dollars being worth 25*l.*?—Yes.

5953. So that he requires to spend a sum of 125*l.* per annum to maintain him in that state?—Yes; I do not think that an extravagant allowance for such a man.

5954. Then, of course, the indulgence in the drug to the extent of the secondary stage can only be confined to persons in easy and affluent circumstances?—Certainly.

5955. We will go now to the primary stage; what are the wages of a Chinese coolie; four dollars a month?—Yes, about four dollars a month would be fair wages.

5956. How much opium would a man in that grade of life consume, maintaining his physical powers to earn that amount of wages?—He could consume very little; almost an infinitesimal quantity.

5957. But that infinitesimal quantity which he consumes, taking it to be spread over the whole population, as we are told, is a valuable adjunct to the nature of the food which he consumes, is it not?—Well, I fancy that a coolie very often does not smoke opium regularly every day, but when he has accumulated a little money and meets his friends he goes and has a blow-out.

5958. That does not affect his general health?—No.

5959. So that, in point of fact, the curse of opium smoking is confined to those people of money and leisure who are capable of laying out a large sum of money in the year upon their personal gratification?—Certainly; to people in easy circumstances.

5960. And therefore it cannot be that great national curse which we are habitually told it is?—I would say that of course there are a great many cases of misery and distress arising from opium, but I consider that there is a great deal of exaggeration in the amount of the evil attributed to it.

5961. And, as I understand you, there is some degree of good in the antidote which it forms to malaria and to deleterious food?—There is no doubt that it much relieves pain and suffering.

5962. There is no difficulty whatever in Chinese towns in going into those opium-smoking places, where you see those wretched spectacles of human infirmity?—None.

5963. I suppose that if you were to make a similar pilgrimage into Wapping, or the lower haunts of vice and misery in this country, you would find an equal number of people in quite as despicable a position?—Quite. No respectable Chinese will smoke opium in opium shops.

5964. They are given up to abandoned persons?—They are given up to people who are abandoned to the use of the drug, who are subject to the second stage of the disease.

5965. But who are still in that degree of pecuniary ease that they are able to afford a very large sum of money per annum for their gratification?—Yes.

5966. Mr. *Candlish.*] The taste for opium and its consumption in China is of modern date, is it not?—The taste for the consumption of Bengal opium is certainly of modern date; not much older than this century, I believe.

5967. Do you think that the taste for it in China, on the coast of China especially, has been generated by the native-grown or by the imported opium, speaking of opium generally?—I presume that the taste for smoking opium is due to the original growth of Chinese opium in the provinces in which it has been grown for at least a couple of centuries.

5968. And you think that we have not increased the consumption by our importations?—We have increased the consumption, undoubtedly.

5969. Largely?—That I cannot say.

5970. To the extent of our imports, would you suppose?—Yes.

5971. Has the native growth diminished?—Certainly not. I believe that the native growth has increased. It was increased very much, in my opinion, after the Indian mutiny.

5972. To the extent of our imports then we have increased the consumption of opium; at least that, and more than that?—Yes.

5973. You said that some good results from the use of opium?—Well, the use of opium is one of the greatest blessings given to man.

5974. In the hands of a medical man?—Yes; and I believe that very often the smoking of opium must act in the same way on pain and suffering and anomalous symptoms as the use of opium administered medically.

5975. That may be the immediate effect, but it may be at the expense of ultimate mischief in another direction?—Yes, in the same way as is true of the use and abuse of any stimulant.

5976. If opium were withdrawn from China altogether would it be a great Chinese calamity?—I think that what you are supposing is a physical impossibility.

5977. I am asking you for your estimate of its action, beneficial or otherwise?—My mind cannot estimate the results of facts which it considers impossible.

5978. Has our export of opium from India, and its import into China, resulted in a balance of evil or good to the Chinese?—That is a question that I have never put to my own mind; I never thought of determining it in that way; but I do not

not hold the view that opium is an unmixed evil.

5979. *Chairman.*] Having regard to your previous evidence, do you think that the Chinese would suffer more from fever, ague, and other results of a deleterious climate, and of unwholesome conditions of existence, if they were deprived of opium, than they do suffer from the consumption of opium, either in a moderate degree or in excess?—I think that if you were to make sure that the Chinese would use it in a moderate degree, then you might consider the export of opium to China on the whole a blessing; but my position has always led me to look upon the question more in a practical light as to what I have seen than as to determining the moral question.

5980. But speaking of the physical question, having regard to the consumption of opium in excess; do you think that the suffering of the Chinese from the diseases and injurious influences that you have mentioned is greater or less than the suffering from the consumption of opium in excess?—I should say that the balance was in favour of the relief given by the stimulant over the actual misery created by its abuse; on the whole, I am inclined to form that opinion.

5981. Mr. *Candlish.*] You have spoken of great miseries and many evils as resulting from the use of Indian opium in China; the diminution of the import and withdrawing of the Indian opium would rid China of those evils at all events?—No; I should say not as long as native opium was grown and used.

5982. Assuming the increased consumption to be in proportion to our exports, we should lessen the evil by that amount?—If there were no opium, there would be no evil effects from opium; in that sense, it is so.

5983. Then the evils will have increased in proportion to our exports?—Yes; and the benefits too, if there are any.

5984. You said that the moderate use of it, a certain amount of smoking, was not so injurious; do I rightly understand from that, that all smoking is injurious?—Immoderate smoking must be injurious.

5985. You said that a certain amount of smoking was not so injurious; am I to understand from that answer that all smoking is injurious?—No, not injurious to the same extent. I mentioned, if you remember, that having observed several classes of persons in the Straits and in California, and the Chinese in more immediate contact with the Europeans at the different ports, I had found that these persons, on the whole, were active, industrious, well-conducted, and quite equal to their work.

5986. Shall I take the other view, that the export of opium from India to China is not merely a commercial advantage to those engaged in it, but beneficent to the Chinese?—I believe that it is an article of commerce which supplies some wants that the Chinese have very strongly.

5987. And the gratification of that want is beneficent and beneficial?—I do not say entirely so; it may be indifferent.

5988. Then, in your opinion, is it on the whole beneficial or injurious?—Well, all stimulants have a beneficial use and an injurious use. I consider that opium has both.

5989. Is the opium that we send to China on the whole beneficial or injurious to the Chinese; can you answer that question?—I would rather not answer the question categorically; I scarcely think that it admits of a categorical answer.

5990. If, as some contend, it is only evil, and that continually, should we not benefit the Chinese if we levied on them a direct tribute of money instead, equivalent to the profit that we make by the opium that we sell them?—I should think that the Chinese would much rather pay us in consumption of opium than pay us a direct tribute. I cannot imagine any one country exacting such a tribute from another.

Mr. JOHN NUTT BULLEN, called in; and Examined.

5991. *Chairman.*] HAVE you been in India?—Yes.

5992. How many years have you been there?—Twenty-three years.

5993. What occupation did you follow while you were in India?—That of a merchant.

5994. Have you acquired a considerable knowledge of the exports from, and imports into, India?—Yes; trading was my business whilst in India.

5995. Where did you reside?—In Calcutta.

5996. Have you directed your attention at all to the tariff of duties levied by the Government during the period of which you speak?—Yes, in a general way.

5997. Can you state what is the general effect of the tariff upon the principal articles, the staples of commerce?—As far as regards the export tariff, apart from the general objection to all export duties, there is nothing very much to complain of except the heavy export duty on grain; on rice, that is to say, and other grain. In other respects, the export tariff is moderate and liberal.

5998. The export duty on grain affects rice chiefly in Calcutta?—Not only from Calcutta, but also from the Eastern ports in Burmah and Aracan, where rice is almost the only article of export.

5999. Do you consider that the duty levied on the rice seriously interferes with the quantity that is exported?—That is a very difficult question to answer. The export has, no doubt, fallen off since the last increase of duty took place.

6000. When was that?—I think the last increase was in 1867. The duty previously to that was two annas per maund; it was then increased to three annas per maund. Since that there has been a falling off in the quantity exported; but that falling off may have arisen from other causes.

6001. Has the falling off been steady during the whole period?—No. In the last 12 months the export has rather increased again.

6002. Do you consider that the export duty falls upon the consumer of the rice in the place where it is sent, or does it seriously interfere with the price of the rice at Calcutta, or any other part?—In the case of India, I think it falls principally on the producer, inasmuch as the rice comes into competition in foreign markets with rice produced elsewhere.

6003. You think that the price of rice in Calcutta

Mr. *Bullen.*

6 June 1871.

cutta is regulated by the price of rice from other countries?—To a great extent.

6004. Then, ultimately, the duty would fall upon the grower?—Yes.

6005. To that extent it would be an addition upon the revenue collected from the land?—No doubt.

6006. Is there any other article of export which is materially affected by the duties levied on export?—I think not; in other respects the export tariff is very moderate.

6007. Has your attention ever been called to the export duty on saltpetre?—Yes; it no longer exists.

6008. But when it did exist, what was the effect of it?—The effect of it was, no doubt, very seriously to interfere with the export of saltpetre from India.

6009. And since the duty has been remitted has the export recovered?—To a certain extent it has; but the effect of the heavy export duty on saltpetre was to encourage chemists in Europe to search for, and ultimately to discover, a substitute for the Bengal saltpetre.

6010. That is to say, some form of nitre?—Yes; an article produced by a combination of muriate of potash and nitrate of soda.

6011. To that extent, therefore, the duty had the effect of producing a successful rival to the Calcutta saltpetre?—No doubt.

6012. But since the remission of the duty, has the export been steadily increasing?—This substitute having obtained a certain footing in the markets principally of the Continent of Europe, it is very difficult now for Bengal saltpetre to displace it; in fact, the artificial saltpetre is produced at almost as low a price as the Bengal saltpetre can be sold at, even when freed from duty.

6013. Is there any other article of export which is materially affected by the duties levied?—Not in the export tariff.

6014. To pass now to the import tariff; have any questions arisen respecting the duties on the importation of merchandise?—I do not consider myself that the import duty on cotton piece goods, which is the article on which the greatest duty is levied, is objectionable so long as it is levied at the moderate rate of five per cent.

6015. Has that undergone several changes?—Yes. When Mr. Wilson went out in 1860, when the finances were in a very disorganised state, owing to the expenditure attendant on the suppression of the Mutiny, or, rather, it was done before then, by Lord Canning, the duties on nearly all imports were raised from five per cent. to 10 per cent.

6016. Did that increase of duty affect the quantity of imported articles?—It must have done so, because it increased the price to the consumer.

6017. Was that the result as a fact, and not speaking theoretically merely?—There is always a natural growth of trade in India. If the trade was not interfered with, it would increase probably 5 to 10 per cent. every year. The effect of that increase of the duty was to check that natural increase of trade for a time.

6018. Did it act in any way as a protective duty to native manufactured goods?—No doubt it did.

6019. I ask not speculatively, but as a fact?—I am unable to answer that question of my own knowledge, inasmuch as there is very little manufacture of native cotton goods in the Lower Provinces of Bengal.

6020. Was there any importation then into the Lower Provinces of Bengal from other parts of India of native manufactured goods?—I think not.

6021. Did you hear at all whether there was any increase of the native manufactures in the Lower Provinces of Bengal, small as they are?—No, I think not.

6022. Then we may take it that the increase of the import duties to 10 per cent. did not, in point of fact, increase the Indian home manufacture?—I am speaking solely of Calcutta. On the Bombay side, no doubt owing to the protection afforded by these 10 per cent. duties, a very large amount of capital was invested in spinning and weaving mills.

6023. In Bengal was there any increase in the number of mills over the solitary mill in Calcutta?—I think there are either one or two now existing besides the one of which you speak.

6024. Do you know when those were established?—One was established, I think, about five years ago, and the other more recently.

6025. Was that established during the levying of the 10 per cent. duties?—No, that was established since the duties have been reduced to 5 per cent again.

6026. Do you know as a question of fact whether, in establishing that mill, the five per cent. duties formed a ruling element, or whether it was to a much larger extent a speculation for profit?—No doubt it was an element in the calculation.

6027. Do you think that a revision of the five per cent. duty would affect the question of the mills?—If you mean to ask whether the shareholders, if they had supposed that the five per cent. would have been withdrawn, would have abstained from that speculation, I do not think so; it would not affect it to that extent.

6028. Is that only a spinning mill?—Spinning and weaving.

6029. Is that still in operation?—Yes.

6030. Is it a successful enterprise?—Yes; paying a dividend, I think, of 10 per cent.; that is the new mill of which I am now speaking.

6031. Does the old mill continue to pay any dividend?—I must explain that I left Calcutta in 1866, and what has taken place since then I cannot speak to of my own knowledge; I believe that the old mill, the machinery having gone very much out of date, is not working properly.

6032. Perhaps we cannot tell the result of the new experiment if we do not know whether the machinery is being kept up or not?—No.

6033. Is there any other particular article of import that you think is affected by the duties?—The duties on metals appear unduly high, and there has been an agitation frequently in India to get them reduced to the old level of five per cent.; they are now 7½ per cent.

6034. Would the duty on metals in any way operate as a protective duty to the manufactures of India?—No, not at all.

6035. I presume it would require a very large duty to stimulate any production of iron in India?—I do not think that the iron ore exists; or, if it does, not anywhere where fuel is available; so that it could not be made.

6036. Except at great expense?—At great expense.

6037. Therefore

6037. Therefore the duty has been really a charge on the iron upon the consumer?—Yes.

6038. Do you think that the 7½ per cent. duty has the effect of diminishing the consumption of iron seriously in India?—The duty on iron is only 1 per cent. I spoke generally of metals when I said 7½ per cent.; all other metals pay 7½ per cent. I am not speaking of pig iron; I am speaking of iron in bars and sheets. Ironmongery pays 7½ per cent.

6039. Do you think that the industry in copper or the importation of copper, and the consumption of it, is in any way diminished by the 7½ per cent?—It is diminished to this extent, that no doubt the consumption of articles manufactured of copper or spelter or other metals would increase if the duty was lower, because they could be sold at a lower price to the consumer.

6040. But is there any great importation of copper articles into Bengal?—No.

6041. The native manufacture is either cheaper or more adopted to the native wants?—Yes, it is so.

6042. So that practically there is no importation of domestic copper articles into Bengal?—No.

6043. And is there any large importation of ironmongery?—Yes, there is a large importation of ironmongery, if you include under that term cutlery, and all kinds of instruments of agriculture; hoes, and things of that kind.

6044. Do you think that that importation is much checked by the 7½ per cent. duty?—I cannot say that it is much checked, but of course it is checked to a certain extent.

6045. Are the commercial charges on the importation of goods into Bengal very high?—No, I think not; the freight is low.

6046. How much would the merchandise be enhanced from the importation price, the price which is paid for the goods before they get into the hands of the retail seller in Bengal, by the time it has passed through all the European and native wholesale hands?—That is a difficult question to answer. The merchant is usually satisfied with a profit of 5 per cent.; if he gets 5 per cent. over and above the cost, with interest, he considers that a good profit; but what the native distributor considers a good profit I am not able to say.

6047. What is the difference between the invoiced price on arriving at Calcutta and the actual retail price to the consumer, in fact?—I could not answer that question.

6048. Would it be 50 per cent.?—Scarcely that, I think.

6049. Do you know whether the mercantile community in Calcutta have any serious objections to the present tariff in any other of its details?—No; I think that that is the item which is now most seriously objected to, the heavy import duty on metals.

6050. Do you think that the duty on any other goods imported might be increased without materially diminishing their consumption?—No; because I hold that any increase to the value of an article (that is to say, the price at which it can be sold) does *pro tanto* diminish the consumption.

6051. That is the theoretic view; but I am speaking of the practical view, because we know that practically it is not always so; for example, the duty on spirits in England has been increased from 3*s.* or 4*s.* to 10*s.* a gallon, and yet the quantity consumed, though not increased, has not diminished: I am asking whether the duty could be increased without diminishing the consumption of any article practically?—I hold not. I hold that it is not only theory, but practice, that any increase to price caused by increase of duty does tend to check the consumption.

Mr. *Bullen.*

6 June 1871.

6052. But do you think that there would be any increase of native production unduly stimulated by the increase of the duties on any imported goods to 10 per cent., which they formerly were?—Cotton goods, do you mean?

6053. I mean goods in general, manufactured articles?—I am unable to answer the question of my own knowledge, because there is very little manufacture of native cotton goods in Lower Bengal, and I cannot say what would be the effect of an increase of duty on the production of the Upper Provinces.

6054. Mr. *Care.*] Is there no cutlery made in India?—There is some, but it is of a very inferior description.

6055. I thought that the armour and military weapons of India were rather celebrated?—At any rate they are not made in Lower Bengal. They are made about Benares, I believe, principally.

6056. Where does the iron or steel from which those are made come from?—I said before, that there is very little ironstone in India, but I must correct that; there is ironstone found in India, and from that a very superior description of iron is smelted.

6057. The native cotton goods, I think, are worn chiefly by the upper classes in India, are they not?—I should say not; I should say that the Manchester cotton goods are now what are most worn by the well-to-do classes; the native manufactures are worn by the lower classes, being thicker and more durable than the Manchester manufacture. If you speak of the fine Dacca muslins and very expensive cloths made at Dacca, that is the case, but that is a very small trade comparatively.

6058. In that case, whatever increase of price is placed upon them by the duty is borne by the upper classes rather than the lower, which of course is an advantage?—Not only by the upper classes, by the upper and middle classes; in fact, in Bengal the whole population is now coming to be clothed with Manchester goods, the price being lower than that of the native manufactured articles.

6059. Is it the fact that the price of the Manchester goods, plus the duty, is lower generally than that of the native goods?—In some descriptions it is so, in some descriptions it is not.

6060. Taking the same quality of article worn by the same classes and the same persons, do you mean?—I do not know that I could give any precise reply to that.

6061. How are the cotton goods made in India?—Mostly by handlooms.

6062. The expense of which would be very much greater than that of the steam-made produce of Manchester, would it not?—Yes; except that they are made principally by women who make them in their intervals of leisure from other occupations.

6063. You excepted pig iron from your answer just now; for what reason did you except it?—I did not mean to except pig iron, because it pays the same duty of one per cent. which all other iron pays.

6064. You said that the export duty on salt-

Mr. *Bullen.*

6 June 1871.

petre had the effect of limiting the trade, did you not?—Yes, that it checked the export.

6065. And where was it that the substitute was found?—The process of manufacturing a substitute was discovered in Europe, in France.

6066. But had not the discovery of beds of cubic nitre in the Pacific something to do with the diminution of the export trade from India?—The price of cubic nitre did become lower about that time, I believe; but the difficulty was not with the cubic nitre, but with the potash used in combination with it, and that has only in the last few years been found in large quantities. It has been found almost in a natural state, I believe, in Silesia.

6067. All that probably would account for a diminution of export, even without the export duty?—I think, very likely, if the Bengal saltpetre had remained at its normal price, the ingenuity of chemists would not have been exercised in discovering a substitute; but the price having been increased to the extent of 5*s.* or 6*s.* by this duty, there then became a very large margin of profit if a substitute could be produced at about the old price of the Bengal saltpetre.

6068. Do you think that the export duty was so burthensome that it really did drive people to look out for a substitute?—I have no doubt about it.

6069. Can you say whether an increase in the import duties, on any article, could be made without diminishing materially the trade?—I think I answered that question before; to the extent to which you increase the duties, my impression is that you would check the consumption.

6070. Do you think that it would be checked to that extent that it would defeat itself, and that the revenue would suffer?—It would suffer at first. Of course in the course of years the growth of trade, of which I spoke before, would bring it up to the old level of consumption; but there would be a check at first, I have little doubt.

6071. What has been the cause of the growth of trade in India?—The general increase of the wealth of the population.

6072. The wages have risen much higher?—Yes, and railways have given much more occupation to the people.

6073. That being so, the population would be better able to pay an increased price now than they were a lower price 10 years ago, I suppose?—Yes.

6074. So that by carefully adapting the increased duties to the state of the country, you might increase the revenue without placing an undue burden on the people?—Yes.

6075. It being the object of course to get the revenue in as little burdensome a way as possible?—Yes.

6076. And if it did not affect the people in such a way as to induce them to curtail their consumption materially, it would not affect the import?—That is so.

6077. Mr. *Crawford.*] Was not the invention of an article to compete with saltpetre in Europe a thing which followed very soon after the enhancement of the duty in India?—It did, almost immediately.

6078. Did you ever hear that that effect was predicted in this country?—I cannot say I heard that it was predicted, but it was said almost immediately after the great increase of duty took place that a substitute would be found.

6079. Do you draw a connection in your own mind between the raising of the duty in India and a substitute being discovered here?—Yes.

6080. What is the export duty on linseed?—Three per cent.

6081. Do not you think that that falls as hardly on linseed, considering it has to undergo a competition with the Russian linseed in this market, as the duty on grain to which you have referred?—In the latter case it is much larger; the duty on linseed is 3 per cent., and on grain it is 3 annas per maund, which is equal to 9 or 10 per cent.

6082. Still, to the extent of that 3 per cent., the linseed brought to this country from India is overweighted as against the Russian?—Yes, it is at a disadvantage, no doubt.

6083. What is the duty on indigo?—Three rupees per maund, which is about 1½ per cent. on the ordinary value.

6084. Nearly a penny a pound?—Three farthings to a penny a pound.

6085. Three farthings to a penny a pound is a considerable addition to the price of a low description of indigo, is it not?—Yes.

6086. What do you put the low description of Bengal indigo at, 2*s.* 6*d.* to 3*s.*?—Yes, it is worth about that now.

6087. And that is equal to an imposition of a 3 per cent. duty here?—Yes.

6088. You were speaking just now of copper; the duty on copper is 7½ per cent., is it not?—Yes.

6089. Upon all copper?—Yes, upon all kinds of copper.

6090. Including copper manufactured, as it is termed, as sheet copper and braziers' copper, as distinguished from tile copper?—Yes.

6091. But there is no importation of manufactured copper utensils into India, is there?—No, I believe not.

6092. Does it not appear to you that 7½ per cent. on such articles is a very heavy duty?—Yes; but I have always looked upon it that it is a duty put on for purposes of revenue.

6093. If the duty were decreased by one-half, would it increase the consumption, do you think?—No doubt it would.

6094. With regard to cotton goods, you said that the lower orders of India used mostly the cotton goods manufactured in India?—Yes.

6095. Do they not wear very much longer, generally speaking, than the goods imported from this country?—Yes.

6096. What is that owing to?—Generally speaking they are much thicker and stouter, to begin with; they are made of heavier yarns, as the technical phrase is.

6097. But weight for weight they wear better, do they not?—Yes.

6098. Is there any other reason than that which you have mentioned; is not the weight sometimes made up artificially in the goods from Manchester?—Yes.

6099. A good deal of filling which does not appear in the Indian goods?—Yes, the Indian goods, in fact, have only that quantity of filling which is necessary to enable them to be woven; you cannot weave cotton goods without having a certain amount of what they call size in them to enable the weaving process to be carried out.

6100. That goes out in the first washing?—Yes; but in Manchester they are not satisfied with that, but put in a great deal more than is sufficient in many instances to weight the goods.

6101. Did not that system of filling the goods three or four years ago lead to a great deal of loss in rotting and mildew?—Yes.

6102. Is the Dacca manufacture of muslins kept up?—To a very much less extent than formerly.

6103. The natives of the very highest classes use them?—Yes, they are still worn; the finest muslins mostly by women, I think.

6104. Mr. *Birley.*] Are the native-made goods sold by weight, do you know, or by the yard?—By the yard, but weight of course is an element in the price.

6105. Do you know whether in buying Manchester goods, weight is not made a very important element in the price?—Not by the consumer.

6106. By the purchaser?—When you say that they are bought by weight, a certain quality of goods is known to weigh a certain weight.

6107. And required to weigh a certain weight, that is to say, if two pieces of goods of equal quality of yarn, and of equal manufacture were presented to a purchaser, and one was found to weigh the regulated weight, and the other not so, the heavier piece would command the higher price?—Of course the purchaser would naturally conclude that the heavier piece was the best piece of the two; he would consider that there was more cotton in it.

6108. What I want to come to is this, that the merchant who buys is as much in fault as the manufacturer for the injurious filling of this cloth made in Manchester?—The purchaser would certainly not pay the same price for the cloth, if he knew that there was an unnecessary quantity of filling in it.

6109. And, therefore, the honest manufacturer could not compete with the unscrupulous one?—I do not quite follow the drift of the question.

6110. The honest manufacturer could not get an equivalent price for his goods from a merchant as compared with the unscrupulous one?—You are putting the case now, as I understand, of one manufacturer who puts in an undue quantity of size, and another who puts in only the necessary quantity.

6111. Yes; and I ask whether it is not the case that the one would be able to make a living, while the other would not?—I do not think that it is so.

6112. Will you tell me whether you consider that the duties upon English goods imported into India very materially and inconveniently interfere with the commerce between the two countries?—On cotton goods, do you mean?

6113. Cotton goods principally, but copper and other goods also; the general consumption?—No doubt they do; but as I have said before, I have always looked upon those duties as necessary revenue duties put on by the Government of India.

6114. As necessary evils, in other words?—Yes, quite so.

6115. Do you consider that they also very materially interfere with the comfort and progress of the natives of India?—Yes; no doubt they do.

Friday, 9th June 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Sir James Elphinstone.
Sir Thomas Bazley.	Mr. Fawcett.
Mr. Beach.	Mr. Robert Fowler.
Mr. Birley.	Mr. Haviland-Burke.
Mr. Candlish.	Sir Wilfrid Lawson.
Mr. Cave.	Mr. Lyttelton.
Mr. Crawford.	Sir Stafford Northcote.
Mr. Charles Dalrymple.	Mr. J. B. Smith.
Mr. Grant Duff.	Sir Charles Wingfield.
Mr. Eastwick.	Sir D. Wedderburn.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. EDWARD FRANCIS HARRISON, called in; and Examined.

Mr. *Harrison.* 9 June 1871.

6116. *Chairman.*] WHAT office do you hold in India?—The office of Comptroller General to the Government of India.

6117. Will you be good enough to give the Committee an explanation of the items which appear as part of the revenue of the Government of India, and first, respecting the receipt which appears in the accounts for 1869–70 of 157,214 *l.* in respect of the mint?—That is composed mainly of the seigniorage duty on the coinage of silver; a duty is imposed at the rate of 2 per cent. on all silver brought to the mint for coinage; a further charge is made of 1-10th per cent. for the expense of the preliminary melting; the silver is always melted when tendered at the mint before acceptance.

6118. In order that it may be assayed, I suppose?—Yes, in order that it may be assayed; that it may be reduced to a homogeneous form and made fit for assaying.

6119. Is there also a seigniorage on the gold coinage?—The gold coinage is unimportant; the seigniorage on it is 1 per cent., and a similar charge is made for what is called the pre-melting of gold, which is 1-4th per 1,000, the fourth part of what is levied on silver.

6120. Do you derive any seigniorage or profit on the coinage of copper?—On copper there is a considerable profit arising from the difference between the cost of manufacture and the nominal value of the copper as coined.

6121. How many mints are there in operation now in India?—There are at present but two mints, at Calcutta and Bombay; the third mint at Madras has very lately been closed.

6122. Is that altogether abolished, or are its operations merely suspended?—It is altogether abolished; it is not entirely wound up, I believe.

6123. The establishment is discontinued, but is it intended to discontinue the mintage altogether?—Yes.

6124. Can you state the items of receipt from the Calcutta Mint for 1869-70?—There was a duty of 641 *l.* realised by seigniorage on the coinage of gold, and 62,230 *l.* on the coinage of silver, and again on coinage operations of 9,528 *l.*, and miscellaneous receipts amounting to 2,867 *l.*

6125. Mr *J. B. Smith.*] What are the gold pieces that you coin?—The gold pieces are five rupees, 10 rupees, and 15 rupees; these are all coins the issue of which was authorised by an Act passed in 1835, but the 15-rupee coin is the only one that has been coined until within the last 12 months.

6126. *Chairman.*] To use a contradiction in language, it is a gold rupee?—The 15-rupee piece is sometimes called a gold rupee, being of the same weight as the rupee, and of the same standard, being also the same as the English gold standard.

6127. Will you state what income was derived from the Bombay Mint in the same year?—From the Bombay Mint, I find there was nothing received as duty on gold, and 75,710 *l.* was received for the seigniorage duty on silver; the gain on coinage was 3,133 *l.*, and the miscellaneous receipts there amounted to 698 *l.*

6128. Including the sale of stores?—Yes.

6129. Is there also a small receipt for closing the Madras Mint?—Yes, merely winding-up, the sale of stores amounting in the whole to 2,407 *l.*

6130. Do you know whether the Government of India anticipate any improvement or increase rather in the gold coinage, or is it their opinion that the gold coinage of India will not assume any important dimensions?—I think it is expected that under the present conditions, gold may be imported and coined to a considerable extent.

6131. Would that tend to displace the silver coinage to an equal amount, do you suppose, or would it be in the nature of an addition to the silver coinage?—I think it would be in addition.

6132. And you would not anticipate any decrease of the revenue derived from the coinage, by reason of the substitution of the gold for silver coinage?—No, I think not.

6133. Mr. *J. B. Smith.*] Do you know what proportion

proportion in the weight the gold bears to the silver?—15 to 1.

6134. In France you are aware that it is 15½ to 1?—Yes.

6135. *Chairman.*] I observe that the charges in the accounts in respect of the mint, stated as charges of collection, are 88,049 *l.* Are those the whole charges of the establishment of the two mints?—Those are the charges for the establishment of the mints and operative losses.

6136. Do they include also the expense of the buildings of the mints?—No, that is not included.

6137. It is limited to the fixed establishment?—The fixed establishment, and the outgoings of the year, the labour, and the operative losses.

6138. The loss in the process of melting, making the coinage, you mean?—Yes, the waste of metal.

6139. Is that a fixed allowance, or the result of actual loss?—It is the actual loss found to occur.

6140. Sir *C. Wingfield.*] At what rate is the sovereign received now in the Government Treasury?—It is received at the rate of *Rs.* 10. 4.; that is to say, 10¼ rupees.

6141. I think the rate has been revised; it was some years ago received at a less rate, was it not?—It was. It was received at 10 rupees, and a very large number were received at 10 rupees, in the years 1863-64, if my recollection serves me right.

6142. Why has the rate been raised?—It was found that no gold after a time was brought at that rate into the Treasury, and it was not a sufficient inducement.

6143. I think at one time it was fixed at *Rs.* 10, 2., was it not, temporarily?—No, never to my recollection.

6144. The Government will take sovereigns at that rate which you have mentioned, but it is optional to anyone to receive sovereigns in payment?—Quite so.

6145. It is purely permissive?—Purely permissive.

6146. Do you know what number of sovereigns have been received annually for the last year, say, at this rate of *Rs.* 10. 4.?—A very trifling number indeed; none, in fact.

6147. Do they take gold bullion at the same rate?—Gold bullion is received by the Currency Department.

6148. It is not received at the district Treasury?—No, it is received at the mint for coinage only.

6149. *Chairman.*] At the same rate as you receive sovereigns at?—It is received, subject to a mintage charge for conversion into 10 and 15 rupee pieces.

6150. Then there would be a difference in paying sovereigns, and in paying bullion into the Government Mint or Treasury?—Certainly.

6151. If you paid sovereigns into the Treasury you would get one rate, and if you paid bullion of the same standard of pureness into the mint you would get another rate?—Yes; but the Treasury only receives sovereigns in payment of dues to the Government.

6152. Do you receive sovereigns for the purpose of re-coinage?—No.

6153. You would only receive gold bullion for that purpose?—Only bullion. Sovereigns would be received as bullion certainly, but there is no inducement to bring them to the mint.

6154. At what rate then would you receive bullion, as compared with sovereigns expressed in silver money?—I cannot express it in silver money, it is merely received to be returned in the form of gold coin.

6155. Of the same weight and fineness?—Of the same weight and fineness, that is, containing the same amount of fine gold, deducting a mint charge of 1 per cent., and that small fractional charge for assay which I mentioned.

6156. Sir *C. Wingfield.*] The sovereigns are received at *Rs.* 10. 4. at the district treasuries everywhere?—That is to say, there is authority to receive them, none were received as a matter of fact.

6157. Is there any difference between the Australian and English sovereign?—No distinction in that respect is made in the Government regulations.

6158. But which has the highest assay value?—They are precisely the same, except so far as the Australian sovereign is understood to contain a certain amount of silver.

6159. But in the bazaars of the natives themselves, the Australian sovereign does not sell so high as the English?—No, about one anna less.

6160. *Chairman.*] Do you pay in cash for the gold or silver received at the mint or in bills?—The Mint issues a certificate on the presentation of which at the Government Treasury, the gold certificates are paid in gold, and the silver certificates in silver coin.

6161. Immediately?—Yes; as a matter of practice. The Government reserves to itself the right of making these certificates payable a certain number of days after date, to admit of the coinage.

6162. How many days is that?—Twenty days used to be customary. Since 1861 the practice has been to pay all at sight.

6163. And to issue them at sight?—And to issue them at sight so soon as the assay is completed.

6164. Sir *C. Wingfield.*] What measure is necessary, in your opinion, to make gold circulate more freely among the people of India?—Assuming that it is a desirable thing that it should be made to circulate, you mean?

6165. Yes, because many think it is?—There can be no difficulty in so rating it as that it shall take the place of silver, I imagine.

6166. Merely raising the rate at which it is taken?—Quite so.

6167. But is it not the case that the natives are suspicious of all gold coinage in which there is alloy, and the purer the gold the better they like it?—Yes.

6168. And that is why some of these native gold mohars are so readily saleable?—Yes.

6169. They use English sovereigns a good deal to melt down for making jewellery, and such things, do they not, and then they extract the alloy when they do this?—That may be done; I doubt whether that is the source from which gold of high standard is derived mainly; the gold employed for that purpose, I imagine, is mainly the China gold.

6170. Do you think that the natives of India would prefer a gold coinage to paper currency?—No, I think not.

6171. Sir *S. Northcote.*] I am not quite sure that I understand you rightly. Supposing that a man brings 1,000 ounces of gold, he receives a Mint certificate for what amount?—For the amount that 1,000 ounces will produce in 15-rupee pieces.

Mr. *Harrison.*

9 June 1871.

6172. Can you say what that would be?—It is a matter of very ready calculation. The standard is the same as the English standard; the piece in which it is coined weighs 180 grains, and the ounce is 480 grains. It would be 480,000 by 180. It is a mere matter of calculation.

6173. *Chairman.*] You give a certificate for the equivalent, deducting the 1 per cent. and a fraction for the assay?—Yes.

6174. Sir *S. Northcote.*] Then you can tell us, in comparison, what the same amount of gold would fetch in the market?—I am not sure of the standard that is involved. The quotation of gold is, 16⅝ rupees, of sicca weight, which is the weight of the mohur.

6175. Perhaps you could put in a little statement afterwards when you have had time to consider it, just showing what a man would get for 1,000 ounces delivered to the mint, and for 1,000 ounces sold in the market?—That I can readily do.—(*See* Appendix.)

6176. With regard to the question of paper currency, have you reason to think that that is becoming more popular?—Certainly it is.

6177. Has much economy been effected by the suppression of the Madras Mint?—For the last two years the importation of bullion into India has been so small that the operations of all the three mints have, I believe, involved a loss or charge upon the Government, and the whole expense of the Madras Mint has been saved.

6178. Do you think that the same process might be carried further, and that one mint might be substituted for two?—Not as yet.

6179. Why not?—Because I think that we have no sufficient reason as yet to conclude that the importation of bullion will not return to its ordinary rate. For 13 years, from 1854 to 1866, an average amount of nearly three and a half millions sterling of silver was received at the Calcutta Mint.

6180. *Chairman.*] And how much at Bombay?—I have not the figures for Bombay, but the importations for the last two years and the operations of the mint for the last two years have been on a very small scale.

6181. Sir *S. Northcote.*] But supposing that the quantity of coinage should not increase again, do you think that one mint would supply what is now demanded?—Amply.

6182. Mr. *Crawford.*] Do you mean one mint for all India?—One mint would be sufficient at the rate of operations at present.

6183. The one mint would not have done when you had such a large quantity of silver imported as in the years 1863, 1864, and 1865?—No, certainly not.

6184. Mr. *J. B. Smith.*] Will you turn to the imports of silver into India, and tell us when they first began to assume a large amount; was it not during the cotton famine?—Speaking from recollection, it began in 1854; it was before the famine, I think.

6185. But it was in 1860, was it not, that they became large?—They were very large then.

6186. From 1860 and during the following eight or nine years they were very large?—Very large.

6187. And in calculating what the requirements of the mint may be in future times, would it be fair to take the average of those years in which there was such a large import?—Certainly not

6188. From what time do you think it would be fair to calculate it?—I think that the operations of the last 30 years form the safest ground of calculation.

6189. Before 1860, were not the principal imports of silver owing to the capital required for making railways?—That is my opinion.

6190. Then the great reason why the import of silver became so great after that period, was the cotton famine?—Yes; that was the principal cause.

6191. Then the import of silver was for the purpose of railways and for paying for cotton?—Yes.

6192. Do you happen to know at that time what the exchange rose to?—The rise dates from 1849 when the extreme point of depression was reached, the lowest rate was, I think, 1 *s.* 9½ *d.* or 1 *s.* 9¾ *d.*

6193. Did it not rise during the cotton famine as high as 2 *s.* 1 *d.*?—Yes, it did.

6194. What has it fallen to now?—Now it is about 1 *s.* 10½ *d.*

6195. Have you coined much gold?—A very small amount of gold in 1869-70.

6196. Do you know the amount?—I can only judge from the figures which I have before me of, the amount of the seigniorage, which represents 1 per cent.; the seigniorage is 641 *l.*, which would represent a coinage of 64,000 *l.*

6197. Do you think it is possible to maintain a circulation of gold at the present rate of exchange, you giving only *Rs.* 10. 4. for a sovereign?—No.

6198. Is it not the fact that, owing to the difficulty of obtaining silver, sovereigns were at one time paid into the Government Exchequer at 10 rupees each?—Yes.

6199. But no sooner did the exchange turn than those coins all found their way out again?—Naturally.

6200. Then it is a farce to suppose that you could issue a gold circulation in India at *Rs.* 10. 4., when a sovereign is worth 1 *s.* more than that?—Certainly; at the present time it is 1 *s.* more as near as possible.

6201. Mr. *Candlish.*] What do you do with the sovereigns which you receive in India; do you re-circulate them?—The number received has been extremely small.

6202. What do you make of them?—Those that have been received have been re-issued at the rate at which they have been received.

6203. Mr. *J. B. Smith.*] What alloy do you put in?—The same as the English standard, one twelfth.

6204. And is that alloy, copper?—Yes, copper.

6205. Mr. *Candlish.*] Is a uniform English and Indian currency a possibility?—It is possible no doubt.

6206. Would the English currency be adopted in India without trouble and inconvenience?—I should think it would involve an extreme amount of trouble and inconvenience.

6207. So much as to render a uniform currency practically impossible?—It would involve in the first instance, a change in the standard of value from silver to gold; a change that can hardly be carried out without great difficulty.

6208. But would it not be an immense advantage if ultimately carried out?—No, I think not.

6209. What is the reason why the rupee is not taken by the Government official at the Post

Post Office at the same value as in Bombay?—The Suez Post Office is under the administration of the Postmaster General, and the rupee is received in Suez at something approaching to its intrinsic value in England.

6210. What I mean is this, are the rupees received in Suez sent back to India?—I am not aware.

6211. You are aware that they only take them at 1 *s.* 10 *d.* there?—Yes.

6212. To the great detriment of Englishmen coming home?—To the loss of Englishmen coming home.

6213. Would the concentration of the work of coinage in one mint increase the expenses of that one mint over what they are now; for instance, would the Calcutta Mint be conducted at pretty nearly the same establishment charges, if it did all the work?—No, the establishment charges vary in proportion to the amount of work done.

6214. The concentration in one mint, however, would lessen the total charge, would it not; in regard to superintendence, for instance?—Superintendence would remain the same.

6215. And the value of the building would remain the same?—Yes.

6216. Mr. *J. B. Smith.*] I see that the charges for the mint in 1870–71 were 68,114 *l.*, whilst the receipts from the mint were only 50,000 *l.*; do you expect that the receipts of the mint in future will be sufficient to pay its expenses?—I think we have no sufficient data to form an opinion at present. There are certainly reasons for the belief that the importation of silver for the future will not be so large as it has been in the past. In the place of remittance of large amounts of English capital to India for investment in railway enterprise and other undertakings we have on the other hand, a remittance from India to England of the growing profits of these railways, and that will tend, I apprehend, to a permanent lowering of the rate of exchange between England and India.

6217. And is there not another reason why you may expect a lower rate of exchange, namely, the great falling off of the value of the exports?—I am not aware that that has been established.

6218. During the cotton famine, the exports of cotton amounted to 30,000,000 *l.*, and probably this year they will not amount to more than half that sum; will not that make any difference?—Certainly, if there is a permanent falling off in the value of the exports of India, that would be a consequence; but I am not aware that we should look forward to a permanent falling off.

6219. What do you expect would supply the place of that great deficiency in cotton?—That I should expect to be met by the ordinary growth of other exports, especially the export of other fibres.

6220. Mr. *Eastwick.*] You do not think that it would be advisable to do away with the mint at Bombay, do you, because, supposing that by so doing you could save money in some respects, at all events there would be the expense of sending round the coin from Calcutta to Bombay?—I certainly should not think it advisable at present to do away with the mint at Bombay.

6221. Are there any of the old Venetian sequins in the market at Calcutta now?—I think there must be a few; when I was leaving Calcutta, three months ago, a few were brought to me on my inquiring for French gold coins.

6222. They are taken very readily by the natives, are they not?—I am not aware.

6223. They are much finer gold than ours, are they not?—They are; I am not aware of the standard.

6224. If we had a finer standard, would not the gold be taken more readily by the natives; do they not, for instance, buy these sequins in order to make them up into ornaments, whereas they would not buy a sovereign?—The sovereign is not appreciated for that purpose.

6225. You think that the natives would take the gold if it were of a finer standard more readily than they do now?—Yes.

6226. But then, in that case, our gold coinage in India could not correspond with our gold coinage in England, could it?—No.

6227. Therefore we have that difficulty; we wish to make it acceptable to the natives, and we cannot do that if we keep to our present standard; and if we make it acceptable to the natives, then we cannot make it exchange with our coin in England?—That is so.

6228. Is it not the fact that we, last year, sent about 600,000 *l.* worth of rupees to England?—That was so.

6229. Which were all recoined at considerable loss?—The whole was not in the form of rupees, it was as silver bullion.

6230. But when we have sent rupees in that way, they have been recoined at a loss?—I am not aware of that.

6231. Mr. *Crawford.*] I think the silver to which the honourable Member has referred, came to the Bank of England here, and was sold by the Bank of England for the account of the Home Government?—It was so.

6232. Do you recollect the exchange which the whole of the consignment gave?—It was about 1 *s.* 10¼ *d.*, but I am unable to state precisely.

6233. And the Home India Government were drawing in India at the rate of exchange worse than the 1 *s.* 10¼ *d.*, which that remittance of silver gave?—I think not; I think the lowest rate was 1 *s.* 10¼ *d.*

6234. Then, in point of fact, there was no loss whatever in the transaction, so far as the Government were concerned?—No loss.

6235. If that money was wanted here, and was brought home at 1 *s.* 10¼ *d.*, if the Government had not had that money, they would have had to draw here at a worse exchange?—Yes.

6236. Therefore it was an advantage to the Government having ordered that money to come home?—It was no doubt advantageous.

6237. I think that consignment of silver consisted of a great variety of coins, the standard rupee, the syce silver, and some very old rupees of former coinage, forming part of the consignment of Furruckabad rupees?—I was not aware of that; merely, I presume, mixed with the rupees sent from Bombay. The amount sent from Calcutta consisted mainly of silver bars of a high standard, and from Bombay the remittance was made in rupees.

6238. Did not the silver bars of high standard contain a good deal of gold?—They did.

6239. Have you no refinery in Calcutta by which you can extract the gold, as they do here?—The process is not practised in the Calcutta Mint; I think there is no such refinery at present there. Many years ago, the practice was carried on by Doctor, afterwards Sir William O'Shaughnessy, but it was not thought to an-

Mr. *Harrison.*

9 June 1871.

swer; that was for the extraction of gold from China silver.

6240. Are you aware of the fact that it is worth the while of the importer of silver here to extract the gold if there is more than five grains of gold to every pound of silver?—Four grains, I have understood. It is taken at a calculation in the value if it exceeds four grains.

6241. I think you do not propose that there should be only one mint for all India, do you?—By no means.

6242. In fact, the mercantile transactions of Bombay are so large as to give them very nearly an equal claim to a mint of their own, as Calcutta would have?—Quite.

6243. Great practical inconvenience would arise from having to send the precious metals, gold and silver, either from Calcutta to Bombay, or from Bombay to Calcutta?—It would be very inconvenient.

6244 Have you any views as to the advantage of a double standard in India, that is to say, having a legal double standard by which debts could be discharged, either in the one or in the other currency?—I think that if gold were somewhat under-rated, no practical inconvenience would follow from a double legal standard.

6245. Is it not the fact that in all countries where a double standard has existed practically, one only has prevailed; in the case of France for instance?—It is the case with France.

6246. There silver was for a great number of years the only currency one met with, but subsequently that silver has been displaced by gold, which is the principal circulating legal medium for large sums?—That is so; that is a process which this country has also gone through, and the United States.

6247. Do you think it would be possible to maintain a double standard under those circumstances in India, however nicely you might adjust the relative proportions?—Not to maintain it.

6248. The greater part of the gold that remains in India as bullion, passes into private use, does it not?—It does.

6249. And it is used for purposes of hoarding to a large extent?—It is difficult to trace where it goes to, no doubt much is used for hoarding.

6250. That is one of those mysteries which we have not been able yet to get to the bottom of in India; what becomes of the large amount of precious metals that gradually disappear?—It is very difficult to trace them.

6251. Have you seen any of those small ingots of gold sent from this country to India nearly pure, 99½ per cent. pure?—No, I have not seen them.

6252. Mr. *Fawcett.*] Would there not be a great convenience in having a double standard in India, on the same principle as we have a double standard in England?—There is not a double standard in England.

6253. But I mean on the same principle, so as to make payments legal in gold beyond a certain amount, in the same way as payments are legal in England in silver up to a certain point; simply to encourage the use of a gold coinage?—I cannot think that it would be convenient.

6254. You probably remember a very able Minute issued some years ago by Sir William Mansfield, the present Lord Sandhurst, in reference to the introduction of a gold coinage; he attributed very great advantages to it, did he not?—Yes, he did.

6255. You do not agree, then, with the advantages which he attributed to it?—No.

6256. Could you state generally why you do not?—It is with the greatest diffidence that I express dissent from the reasoning contained in any part of Lord Sandhurst's able and exhaustive paper; there does however appear to me to be a fundamental error in the view taken in that paper of the functions of the precious metals in relation to money, owing to which error an under-estimate was formed of the difficulties attending the course proposed, and an over-estimate of the advantage of a change from a silver to a gold currency. It is laid down in the paper referred to that currency is only "the means of transacting business," "the medium of domestic exchange," and that therefore in the different stages of a community in its advances towards wealth, a change may be made in the currency medium from copper to silver, and from silver to gold. The most important function performed by the metal used as a currency medium, namely, that it forms the standard or measure of all money value is expressly excluded from consideration as involving a fallacy, and yet that such a material basis is essentially necessary for the maintenance of a standard of value, however true it may be that value exists independently of any particular metal is evidenced by the experience of every nation which has attempted to maintain a standard of value with an inconvertible paper currency. The only conception which I can form of a rupee is, that of a certain weight of silver of a definite standard, and of all contracts expressed in rupees, as of engagements involving the payment of specific quantities of that metal; if this fundamental conception be correct, a contract to pay a certain number of rupees annually in perpetuity would be materially varied if the obligant were allowed on silver rising above a certain price to substitute a specific quantity of gold of less value as measured by silver. I do not say that there is any difficulty in conceiving of, or necessarily any injustice connected with the adoption of a double or alternative standard, but that in advocating a change from a silver to such a double standard of silver and gold, or from a silver standard to one of gold, the effect upon existing contracts must be kept clearly in view, and that it must be remembered that in India, owing to the perpetual settlement of the land revenue of the greater part of Bengal, and of portions of the land revenue of the North Western Provinces, and of the Madras Presidency the Government is interested as a creditor on an amount exceeding 4,000,000 *l.* sterling annually. The illustrations put with so much power in Lord Sandhurst's minute derive much of their weight from the exceptional circumstances of a peculiar period, when an enormous amount of silver was suddenly required to be paid to India for cotton grown under the pressure of an extraordinary demand for Indian cotton. That the qualifications of silver for the purposes of a measure of value were severly tested at that time is doubtless true; the inconveniences attending the employment of a different standard in India from that of England were then, too, brought prominently into notice. It seems however, doubtful whether, after all, apart from any question of the effect of a change of standard on existing contracts silver as the standard metal is not better suited to the circumstances of the people of India than gold. It is certainly true that even in the immediate neighbourhood of Calcutta, large numbers of the labouring classes rarely see a silver

silver coin, their transactions being so far as coin is used settled almost entirely with copper. A gold coin representing ten or even five rupees would be altogether beyond their reach. It may be said that with a gold standard the rupee would still exist, but if the rupee were to be made, a token coin of less intrinsic worth than its nominal value as a submultiple of the standard gold coin, and it is only on this condition that it could be maintained in circulation, it would I conceive be thoroughly unpopular. The people, to quote Lord Sandhurst's words, "hug the idea of intrinsic value in coins."

6257. You have given your attention a great deal to the subject, I presume, judging from some of your previous answers?—I have certainly considered the subject, but not from the point of view of giving a responsible opinion.

6258. Can you give any estimate of the addition that has been made to the coinage of India during the last few years?—The figures are readily available.

6259. But the thing is not quite clear from the figures; you do not at all arrive at what the addition has been in coin to the country by simply considering the amount that has been coined at the Mint, because a portion of the amount coined there may be old coin re-coined, and a portion of that which is coined there may be exported; what I want to know is, whether you can give any idea of the addition that has been made to the circulating medium in India?—No; the only deduction that I think should be made from the coinage of the Mint is that amount which is coined from silver tendered at the Mint by Government officers, and that is probably ascertainable; that will not be a very large deduction.

6260. *Chairman.*] You cannot ascertain from the exports what has been exported in the form of current coin and what in the form of bullion; are there means of ascertaining that?—Yes; our returns will show the amount of treasure or specie exported (but I hardly think that will be satisfactory) from Calcutta to Akyab, and Rangoon; but that will give us very little idea of the amount which passes beyond our frontier.

6261. On the land frontier there is no account taken of what passes?—On the land frontier there is no account taken; and I have no doubt that at times a large amount of silver passes out of British territory in the neighbourhood of the port of Akyab and at other points.

6262. Is there any account of the exports in the current rupee form, and other exports in the form of bullion?—Yes; I think the returns will show that distinction between treasure and bullion.

6263. Mr. *Fawcett.*] Has there not been a very great export of bullion and specie into China from India?—Not that I am aware of.

6264. Probably the best evidence that you can get that there has been a very large addition to the circulating medium in India depends upon the circumstance of the great increase of prices that has taken place; that would show it, would it not?—No doubt.

6265. You having been interested in these monetary questions, have you ever formed any estimate of what the depreciation in the value of silver has been?—It is very great, as estimated by the price of the principal grain of Bengal; I apprehend that it must be 50 per cent.

6266. In what period?—In 25 years.

6267. And from the answer which you have just given, I presume that you agree with this view, that perhaps the best way of estimating a general depreciation in the value of the circulating medium is to estimate it by considering the rise in the price of an article of general consumption?—I think so.

6268. Mr. *Crawford.*] Have you any idea of the amount of silver in circulation throughout India; has any estimate been formed of that?—No; I can give no opinion on that.

6269. There is no gold in circulation we know, as a coin?—There is no gold in circulation.

6270. But if there were a double standard, proceeding upon the analogy of a double standard in other countries where one has always excluded the other in course of time, it would be a very difficult thing for gold which is not in use now in India as currency, to displace the enormous amount of silver in circulation, would it not?—Yes.

6271. And the transactions in India are on so small a scale amongst the lower orders that gold would be practically useless for the purpose of making daily payments?—Yes.

6272. Silver, therefore, would be absolutely required for that purpose, and to a much greater extent than is the case in this country?—Yes.

6273. India may be said to be supplied with the precious metals as regards silver from Europe and China?—Yes.

6274. And with gold principally from Australia?—From Australia; and from China in the form of leaf gold.

6275. But practically there never has been within your recollection any export of the precious metals from India to China?—Never, that I am aware of.

6276. That is to say the value of the opium exported from India has been so largely in excess of the demand for the transmission of goods from China to India?—That is so.

6277. Mr. *Fawcett.*] Although there has been no export of specie from India to China to adjust the trade between India and China, there has been continually a balance due from England to China which has been paid in money, and which money has been transmitted through India to China, and this money represents a portion of the specie which has been apparently exported from England to India; is not that the case?—That is so, no doubt; the payment being made in Indian opium.

6278. But in some years, judging from figures that I have seen, it has amounted to as much as 8,000,000 *l.*; is not that the case?—I am not aware of the exact amount.

6279. When the figures appear to show that there has been an export (I believe this was the case in 1856) of something like 14,000,000 *l.* of specie from England to India, considerably more than half of that, I believe, was not merely specie or bullion sent from England to India, but was simply specie transmitted to India in order to be sent on to China, do you know whether that was the case or not?—I am not aware that it was further transmitted from India to China.

6280. Mr. *Crawford.*] Are you aware that there is a large trade between America and China?—I am not aware of the particulars of the trade.

6281. And that the supply of money for the purposes of the American trade in China, is adjusted through the Indian exchange to a considerable extent?—I can easily understand that that is so.

6282. Mr. *J. B. Smith.*] I think you stated it

Mr. *Harrison.*

9 June 1871.

it as your opinion that the depreciation in silver, measured by the price of grain, was about 50 per cent.?—Yes.

6283. Is there any reason to think that the price of food will remain as it is, or will it have a tendency to decline?—I have no reason to think that it will decline.

6284. Have there been any causes in operation, which have raised the price of grain, as for instance, the substitution of the growth of other articles, such as cotton and jute?—That will cause a local rise in the price of grain, no doubt, but hardly in the grain in those districts which are especially grain-producing provinces.

6285. May it not arise in another way, namely, that a large portion of the labour has been abstracted from the growth of grain to employment in railways and those works?—I should not think that that was the fact. The amount of labour employed in works of that kind must be very small compared with the population.

6286. You do not anticipate any decline in the prices of grain?—No; I should not.

6287. Mr. *Crawford.*] We have it in evidence from a previous witness, that the wages of labour have very much increased in Bengal; have salaries, I do not mean of European officers, but of the employés in counting-houses and in the Government establishments, increased during the last 10 or 15 years?—There has been a tendency that way.

6288. Where you could formerly get a writer at 100 rupees a month; should you have to pay more than that now?—You cannot get one of the same qualifications at the same salary; there is a tendency to a higher rate of remuneration.

6289. European servants have not come in for a share of that rise, have they?—Yes; they have.

6290. *Chairman.*] I suppose if there were a permanent diminution of the imports of silver, there is nothing in the establishments of the mints to prevent their being permanently reduced also, so as to diminish the charges for them?—The expense of the establishment cannot, I apprehend, be reduced below a certain amount. At the present time the establishments are maintained on as low a scale as is considered compatible with the maintenance of efficiency.

6291. Will you be good enough to turn now to the item of receipts, which is described in the account as "Marine," and which for 1869-70 is 329,953 *l.*; what is that item composed of?—The most important item in the marine receipts, consists in the pilotage dues for the Hooghly.

6292. What was the amount of that item in that year?—£. 70,850.

6293. Does that represent the ordinary receipt for pilotage from year to year?—Yes.

6294. Is that all revenue, or is it for the most part applied in payment of the pilots' salaries and expenses?—Out of that 60 per cent., which would be equal to about 42,500 *l.* is paid directly to the pilots employed, leaving a balance of 28,000 *l.*

6295. However that would appear in the head of expenditure on the other side of the account; it would not be included in the charges of collection?—It will be included under the head of Marine on the other side of the account.

6296. Does the sum which you have mentioned include also the floating establishment?—The sum which I have mentioned is retained by the Government to cover the expense of the maintenance of the pilot brigs and fixed establishments at the mouth of the Hooghly.

6297. What are the other items constituting the total receipt?—There is a sum of 5,600 *l.* for fees levied by the shipping masters at the ports of Calcutta and Bombay principally; and there is a receipt of 76,000 *l.* in Calcutta, and 30,000 *l.* in Bombay from dockyard services and supplies.

6298. What is that item?—In Calcutta it consists mainly of the value of services rendered by the dockyard to the Calcutta Port Fund or Port Trust, the account of which is not included in the revenue accounts of the Government of India.

6299. That is a local or municipal body?—It is a local trust.

6300. Then what services are they that the Government renders at Bombay for which this 30,000 *l.* is received?—It is, I believe, largely for services rendered; sums received for the use of the Government docks from private individuals.

6301. Is there any other principal item that you have to mention?—There are other items considerable in the aggregate in the accounts for 1869-70, but which separately do not appear to require notice.

6302. Was there not a large sum received in that year for the sale of vessels?—There is a large sum in the accounts received at Bombay for the sale of vessels, but that of course is a casual item.

6303. What were those vessels employed in for some special service, or why were they all sold?—That amount is for the sale of stores as well as of vessels, and the information is not immediately available.

6304. That is not a continual item, but it may be considered as an accidental item?—Yes.

6305. The two items that you have given just now are for services performed from year to year?—Yes; receipts of a more regular character.

6306. Are there not some miscellaneous receipts for special pilotage?—There are some miscellaneous receipts, but not very large either individually or in the aggregate.

6307. So that deducting the special item of 124,000 *l.* which you have mentioned as received from the sale of ships and stores, the permanent source of revenue under that head of "Marine" would be about 200,000 *l.*, or a little more?—Yes; the amount which it is estimated will be received during the current year 1871-72 is 237,900 *l.*

6308. Then you will observe that in the printed account, there is a deduction made under the head of "allowances, refunds and drawbacks," 26,592 *l.*; what does that mean in relation to this item can you explain it?—I am unable to explain that.

6309. Mr. *Fawcett.*] You say that you obtain 70,000 *l.* from the pilotage dues of the Hooghly, and the Government pays 42,000 *l.* in salaries to the pilots; therefore that represents a tax of 28,000 *l.* on shipping, does it not?—The 42,000 *l.* is not paid in salaries, but the pilots, who are not salaried, receive that amount, being 60 per cent. of the charge for pilotage as their renumeration; they receive a per-centage.

6310. Then does this amount which is levied from shipowners represent a charge for anything else besides pilotage; is any money spent by the Government, for instance, in keeping up the navigation of the Hooghly?—There is a considerable amount expended; but I do not think that this is to be considered as a set-off against that expense; this is mainly required for the maintenance of four pilot vessels at the mouth of the

the river, and for the establishment maintained in these vessels, and for the lights maintained at the mouth of the Hooghly.

6311. Then, I suppose we are to understand that this 70,000 *l.* does not represent revenue at all, but is simply money disbursed by the Government in maintaining the pilots, and in maintaining these lights and pilot ships?—It is not revenue in the sense of taxation.

6312. But, in fact, it ought not to appear at all as revenue; it is simply a matter of account; money received by the Government and expended for a certain definite and specified purpose; it does not represent net revenue at all?—It is a payment for a service rendered in the same sense as the Post Office.

6313. But it does not represent any profit of the Government; from the English Post Office, for instance, the Government does obtain a very considerable revenue; they obtain a revenue greatly exceeding what they spend; therefore that is genuine revenue; but, as far as I understand you, they receive this 70,000 *l.* and they expend it?—I think the whole is expended.

6314. Are you certain that a great deal more is not expended?—If the expense of the maintenance of the channel lights and buoys, and the survey of the river, and the dredging of the river, and keeping open the channels, are taken into account, I have no doubt the expenses are not covered by the amount received for pilotage.

6315. Then that being the case, do not you think that we should obtain a much more correct idea of the financial position of India, if it were not put down at all as revenue; but it was said that this 70,000 *l.* which is obtained does not cover the expense which is incurred, and therefore, instead of representing revenue, represents a loss?—There can be no clearer form of statement, I presume, than a clear statement of what is received on the one hand, considered as revenue, and what is paid on the other hand.

6316. Then it is a fact that this 70,000 *l.* does not represent revenue, but simply represents something on the other hand, or is more than balanced by an expenditure on the other side; is it not?—Yes, I think it is.

6317. Now I will direct your attention for a moment, if you please, to the 30,000 *l.* which I understand you say is obtained from dock dues at Bombay, from the Government docks at Bombay?—That I believe to be the case; sums received for the use of the docks.

6318. Can you tell me what was the amount expended in the construction of those docks, and the amount expended on their annual maintenance?—I am not aware of the cost of the docks.

6319. Can you give us any estimate of the cost of maintenance?—In regard to that I can give no further information than is contained in the published accounts.

6320. I want to get side by side in your evidence, what is the cost, if you can give it?—I think it would be impossible to make a comparison from the only information that we have.

6321. Mr. *Grant Duff.*] You came here on the understanding that you were to be examined to-day only on the items of receipt, and not on expenditure, I believe?—Yes.

6322. And you will be perfectly prepared later, no doubt, to speak on such items of expenditure as you know something about?—Yes.

6323. Mr. *Fawcett.*] Then I understand that this 30,000 *l.* is simply the gross receipts obtained from the dock dues at Bombay?—What I understand to be the case is, that these docks are not maintained for the purpose of producing a revenue, but that this 30,000 *l.* that has been received must be considered as a lessening of the charge of docks which are maintained from other considerations.

6324. You stated, I think, that an item of 124,000 *l.*, which appears in this amount, is an exceptional receipt, and arose from the sale of ships and from the sale of stores; would you express an opinion as to whether you think that ought to have been put down as income or as capital?—I think it desirable that all sums received should be shown in the same way as revenue.

6325. But these stores represent, do they not, a portion of the stores which were not required for certain public works, such as the construction of docks, and things of that kind?—They probably represent or are balanced by an equal amount of expenditure.

6326. Then they represent at least an equal amount of expenditure, do not you think; and probably they represent three times the amount of expenditure, if Government buys stores and re-sells them; did you ever know them do that without enormous loss?—I cannot say.

6327. That generally takes place; all stores, in fact, if not required must necessarily be sold at a depreciation, must they not?—I cannot say.

6328. Then you say that the sale of these stores which is put down as income simply represent at least as great an expenditure, do you not; that there must have been an equal expenditure to buy the stores as there is receipt from the sale of them?—I think it is probable that there was at least an equal expenditure.

6329. And perhaps greater?—It is possible that it may be greater.

6330. Are you aware that that expenditure was obtained by a loan?—No, I am not aware of that.

6231. But are you not aware that almost all the public works in India have been carried out by loan?—No; a very large proportion of the expenditure on the public works of India has been certainly defrayed from the current revenue.

6232. But last year, when this item appeared, was there not a very large amount borrowed for the purpose of public works; that is a matter of notoriety, is it not?—Provision was made for the execution of a large amount of public works from borrowed money, but entirely irrespective of any marine expenditure.

6333. But that is not my question; was not a very large amount obtained last year by loan for the purpose of public works; it is a matter of notoriety, is it not, that money was borrowed for that purpose?—It is a matter of notoriety that a large amount is being expended on public works, that is raised on loan.

6334. Then that being the case, it comes to this; you have not got enough money from your revenue to construct these public works, but you are obliged to borrow money; you buy stores with part of this borrowed money, and you find that these stores are not required; you sell these stores, and you put down the money which they yield actually as an ordinary receipt of income; that is what appears in the accounts, does it not?—The question, I think, can have no connection with the sum of 30,000 *l.*

6335. No; I mean the 124,000 *l.* which resulted from the sale of stores and ships?—That is in no way

Mr. *Harrison.*

9 June 1871.

way connected with the expenditure from money raised on loan.

6336. Mr. *Grant Duff.*] All the money obtained by loans is expended on what are called public works extraordinary, is it not, which have nothing in the world to do with these particular works?—Yes, nothing at all.

6337. Mr. *Fawcett.*] You are called here by the Government as a witness, and of course you are more competent than anyone else to give a detailed statement; can you give me then a detailed statement of how this 124,000 *l.* is obtained?—I can obtain that from India.

6338. This is a Committee for inquiring into Indian Finance, and a witness is called by the Government from the India Office; is there any one at the India Office who can explain to me how this item of revenue arises of 124,000 *l.*?—I am not in the establishment of the India Office; my duties are entirely in India.

6339. Then you come from India, and are called as a special witness upon this particular department of revenue; the most important item in it; I want details of it, and you can give me no idea of how this 124,000 *l.* is obtained?—I can give no specific information at present.

6340. Mr. *Birley.*] Is the charge relating to the navigation of the Hooghly entirely collected by the Government, that is to say, for the lights, the dredging, the pilotage, and the survey?—There is a separate port trust, which has lately been put on a somewhat new footing, and which maintains all the appliances necessary in the port of Calcutta for the movement of ships; and a tonnage duty is collected by them, and part of this is expended in the maintenance of the port establishments, the dredging of the channels in the higher part of the river, the approaches to the port, and the survey of the river.

6241. And that tonnage is collected by the trust, whilst the pilotage is collected by the Government?—Yes; they are distinct.

6342. Then is there any reason why the Government should not derive a surplus or a profit from the pilotage dues?—No reason, further than that it would be a tax or charge upon a special interest.

6343. No; they would charge simply a full sum to cover their expenses; I mean merely a legitimate return?—That is what I understand to be the principle that guides the action of the Government.

6344. I understood from your answer, that you had no doubt that the costs and charges exceeded the receipts?—I stated that if we took into account the indirect expenses connected with the dredging and other expenses required for keeping communications with the sea open, the charge is probably insufficient.

6345. But I thought that those were defrayed by the trust, by the tonnage dues?—Well, the ordinary expenses of surveying and the cost of the maintenance of a special river dredge were paid by this trust; but certain special expenses that were required for extensive works on the banks for regulating the direction of the current, and so forth, have been borne by the general revenue as part of the public works expenditure; and if these special works were taken into account, I apprehend that the pilotage dues would be insufficient to cover the whole expense that has been borne by the Government.

6346. Is any charge made upon vessels belonging to the Government either for pilotage or for tonnage?—Not for pilotage, but for the tonnage.

6347. Now, with regard to the sale of ships and stores which we have heard of, I suppose those are simply ships and stores which, having gone out of use, were not required, and were sold as a matter of ordinary economy?—That is probably the case.

6348. Mr. *Beach.*] Is the pilotage compulsory?—Not by any act of the Government, but I apprehend that any ship would vitiate her insurance by entering the Hooghly except under charge of a pilot.

6349. Sir *S. Northcote.*] With reference to some of the questions put to you by the honourable Member for Brighton, am I right in understanding that the principle upon which the Indian accounts are kept is this: that if there is any item of revenue which involves expenditure for the purpose of raising that revenue, the accounts show not the net amount of revenue received, but the gross amount of revenue on the one side and the expenditure incurred for raising the revenue on the other?—That is so.

6350. And that similarly, when there is any item of expenditure which is to some extent diminished by receipts, the accounts do not show the net amount of expenditure deducting the receipts, but show the gross expenditure on the one side, and the gross receipts on the other?—That is so.

6351. In case any person should wish for further information upon the subject of items so entered, there are means, are there not, of obtaining fuller information than the accounts in the summary disclose?—There would be no difficulty whatever in giving the fullest information in regard to any part of the account; but the whole of this information is, perhaps, not immediately available in this country.

6352. Now, with regard to the mode in which any sum of money which is set down as having resulted from the sale of old stores has been obtained, am I correct in understanding it in this way, that the money is obtaine in the particular year by the sale of stores which are actually at that time in the possession of the Government?—That is the case, no doubt.

6353. Then if you wished to trace back how those stores came into the possession of the Government, you would have to go into the history of different items, some of which may have been purchased in previous years?—That is no doubt the case.

6354. As a general rule, all these stores will have been purchased, will they not, in a year in which the finances show an equilibrium, by the expenditure of revenue received from taxation or other ordinary sources of revenue?—That will be so.

6355. Now, with regard to the works which are defrayed by loan, those are works which are known as public works extraordinary, are they not?—That is so.

6356. And that is a well-defined class, which does not include such items as those of which we have now been speaking?—That is so; and it is not only a class of works, but special works; not of a special description merely, but specified works of a particular description; for instance, not all new irrigation works, but specific works of irrigation.

6357. Are you aware that considerable pains have recently been taken to confine the expenditure of money borrowed for public works extraordinary

ordinary to specified works?—I am aware that that is the case.

6358. And to exclude the expenditure upon ordinary public works of money so borrowed?—Yes.

6359. Sir *C. Wingfield.*] Formerly the pilotage of the Hooghly was a close service, was it not?—It was.

6360. Men were appointed to the pilot service from England?—It was so.

6361. Subsequently the service was thrown open, was it not?—That is the case at present.

6362. That is to say, any person on passing an examination will receive a certificate to act as pilot?—I believe that is the case.

6363. Is it optional with the owners of vessels, in entering the Hooghly, to employ pilots or not?—I believe it to be optional so far as the action of the Government is concerned.

6264. And there is no obligation on them, is there, if they do not employ pilots, to pay pilotage dues for the benefit of the pilotage fund?—I am not aware of the authority under which pilotage is levied. It is under no law that I am aware of, and therefore it must be optional.

6365. Are the rates of pilotage fixed by the Government?—They are.

6366. And then a pilot, if he is employed, can only demand according to those rates?—I think that the demand is made upon the vessel independently of the pilot.

6367. *Chairman.*] You mean that the money is received by an officer of the Government, not by the pilot?—Yes.

6368. Sir *C. Wingfield.*] But is the pilot bound to charge according to a schedule of rates fixed by the Government, or may he demand what he pleases?—I think that what binds the pilot to the Government rules is, that if he did not abide by them he would not have the services of the pilot brig at the mouth of the river.

6369. But does the Government undertake to fix the pilotage rates, or is that left a matter for private arrangement between pilot and captain?—It is fixed by the Government.

6370. Mr. *Crawford.*] With regard to a question put to you by the honourable Member for Brighton as to the account being kept of the expenditure incurred in the construction of the docks at Bombay, have you on the books of the Government of India anything in the nature of a capital account showing the cost of civil and military buildings, and docks, and ships, and other fixed property?—Nothing, at the present day.

6371. Mr. *Fawcett.*] You stated, in reply to the Right Honourable Baronet the Member for North Devonshire, that loans were only devoted to the construction of public works extraordinary, and you went on to state that the stores contained in this item of 124,000 *l.* which were sold, could not represent any stores which arose from public works extraordinary, which were constructed by loans; how could you give that positive answer, after telling me that you did not know of what items this 124,000 *l.* was composed?—Because they relate to a perfectly distinct branch of the Government service.

6372. *Chairman.*] The explanation is, that this is not an item connected with those specified works for which the public loan is raised; having therefore nothing to do with the specified works, you know that it cannot be included in those works?——

6373. Mr. *Fawcett.*] But do you know that from your own personal knowledge, or from anything that appears in the accounts?—I know it from my knowledge of the principle on which the accounts are framed.

6374. For instance, would a dock be considered an extraordinary public work?—If it were, the expenditure would not appear under the head of Marine Expenditure, but under that of Public Works Expenditure.

6375. But as to the sale of any surplus stores connected with it, for instance, of any vessels which might have been bought for its construction, in carrying stone, supposing these are sold, do you know that the items of the sale of those vessels would not appear amongst the sale of marine stores?—I know that no expenditure for the construction of docks has been classed as extraordinary public works, and therefore payable from money raised on loan.

6376. Mr. *Grant Duff.*] It is no part of your duty, is it, to know how many old anchors, how many broken capstans, how many pieces of rope, how many unseaworthy ships, how much rusted iron, or how much damaged copper, has been sold under this particular head?—That is no part of my duty.

6377. Mr. *Candlish.*] You say that 124,000 *l.* was received in the year 1869–70 for the sale of vessels and stores not arising under ordinary circumstances; the vessels, I think, had been sold after having been procured for the Abyssinian Expedition?—I am unable to state specifically what vessels or stores this item is composed of.

6378. Then you cannot answer this question, on what account they were sold?—No.

6379. And to what credit did the proceeds pass?—It is with that that the question now deals. The proceeds are credited to the account of marine receipts or revenue in the accounts for the year 1869–70.

6380. Not to the credit of the Home Government, the British Government?—No, it has no connection with that.

6381. You do not know to what credit the proceeds ultimately went?—This amount certainly went to the marine revenue of the Government of India.

6382. Then the Government of India have appropriated this 124,000 *l.*?—Doubtless.

6383. You have had no knowledge as to how those vessels and stores came to be in the market, or for what they had been previously used?—I do not know that this represents the proceeds of the sale of ships further than that it is described in the accounts as the "sale proceeds of vessels and stores."

6384. You expect ships are meant by vessels, do not you?—If I offer a conjecture, it is that a portion, probably no inconsiderable portion, of this amount represents the value of stores issued from the Bombay Docks to the transport vessels maintained for the transport service between Bombay and Suez, and to ships of Her Majesty's Navy visiting Bombay.

6385. You say that a small sum, 5,000 *l.*, I think, was received under some shipping head; will you state by whom it was received; who pays it?—The seamen shipping at the ports of Calcutta and Bombay.

6386. It is paid by the sailors?—Yes.

6387. And 76,000 *l.*, you have stated, was received on account of the docks at Calcutta?—Yes, that is so.

Mr. *Harrison.*

9 June 1871.

6388. From whom was that received; who pays it?—That is mainly received from the Calcutta Port Fund.

6389. What is that, as distinguished from the Government of India and the Imperial revenue?—It is an account known as the Calcutta Port Fund; the revenue or income of which is composed mainly of a tonnage due levied upon all ships entering the port, payment for services performed, and for the hire of moorings which they are almost, from the nature of the port, necessitated to employ; and these sums forming the income of the Calcutta Port Fund are expended in the construction and maintenance of all the appliances required for mooring ships and other purposes directly connected with the port.

6390. Then how do you come to put it under the designation of docks in any way?—This is described as "Dockyard Services and Supplies."

6391. Those are payments?—These are payments made to the general revenue.

6392. For services rendered to the mercantile shipping by the dockyard staff?—Yes.

6393. Then the 70,000*l.* of which you have spoken as pilotage receipt is for pilotage proper?—Yes, that is for pilotage proper.

6394. Did I rightly understand you to say that that sum was not used to pay the pilots; you mentioned 42,000*l.*, as being paid for pilotage service, did you not?—For pilotage service.

6395. Leaving the balance of 28,000*l.* for establishment charges?—For establishment charges and those expensive appliances which are required for maintaining the pilot stations at the mouth of the river.

6396. So that, in point of fact, more than one-third of the receipts goes for establishment purposes, and not for direct service rendered, not for executive service; 28,000*l.* out of the 70,000*l.*?—That is so.

6397. Is the number of pilots employed in the Hooghly limited; is there a Pilotage Board, examining and giving certificates of competency?—There is no limit that I am aware of.

6398. Then the Pilotage Board, or whoever certifies to competency, would certify anyone presenting himself for examination whom they found efficient?—That I understand to be the case.

6399. Do you feel that you are in a condition to answer the question?—Not positively.

6400. The 70,000*l.* received for the pilotage, and the 76,000*l.* received for general purposes, such as buoyage and beaconage, and such like, are all charges upon the mercantile marine visiting the Hooghly?—That is so.

6401. Is it not true that the Hooghly is, in the matter of pilotage, the most expensive port in the Queen's dominions?—I believe it is considered to be an expensive port.

6402. Very much more so than Bombay?—I am aware that the pilotage is very much higher than that of Bombay.

6403. Does the pilotage include towage?—No; the pilotage does not include the service for towing.

6404. The pilots of the Hooghly are paid at a much higher rate, and realise much larger incomes, than in any other port of India, do they not?—I have no doubt that their earnings are higher than in any other port, but at the same time I am aware that very great complaints have been made of the condition of the pilots at the present time.

6405. By the pilots, do you mean?—By the pilots.

6406. They are not satisfied with their condition?—They are not satisfied with their condition.

6407. Is their average income about 500*l.* a year?—You refer to the senior pilots, I suppose?

6408. I allude to the whole number of pilots?—The average remuneration of a mate pilot I understand to be about 400 rupees a month.

6409. That is the second class, is it not?—That is the third class; of the master pilot from 500 to 600 rupees; and of the branch pilot from 1,000 to 1,100.

6410. So that the average income will be somewhere about 600*l.* to 700*l.* a year?—No; the average, I apprehend, will be very little over 500*l.* There are three classes. The mean of those rates would doubtless be in excess of 600*l.*; but the number of branch pilots is only three or four out of a large number.

6411. Sir *Stafford Northcote.*] When you say so much a month, you mean taking the whole year round?—Yes; on the 31st of December 1870 there were 76 pilots.

6412. Mr. *Candlish.*] Have you any knowledge as to the time they are in active employment throughout the year?—No.

6413. Nor as to the adequacy or redundancy of the number of men for the work to be done?—No. I only know that there has been a considerable decrease in the number of the pilots within the last 10 years.

6414. That will have increased the income of each individual pilot?—Or have lessened the falling-off in their incomes.

6415. Unless the shipping has fallen off?—I mean with the same amount of shipping and the same charges.

6416. Has the shipping fallen off?—The shipping has fallen off.

6417. Is it your opinion that it would be practicable to reduce the pilotage port charges at Calcutta, seeing that they are higher than those of any other port we know?—I think it is natural to expect that they should be higher than any other port with which I am acquainted, because there are 120 miles of river navigation, and the mouth of the river is beset with shoal ground, and the channels are of a peculiarly shifting description.

6418. Are all the improvements to the river and starboard made out of dues levied upon shipping, or is anything done for the harbour out of the taxation of the country?—A large amount has of late years been spent, not on the harbour, but on the improvement of the lower channels of the river.

6419. Out of what fund?—Out of the general revenue of the country.

6420. I suppose that there, as elsewhere, Her Majesty's ships do not pay port dues; for lights, for instance?—They do not pay port dues, but the Government of India does contribute to the port fund an equal amount; it is, in short, charged to the revenues.

6421. In addition to the gross dues collected under the head of pilotage of 70,000*l.*, and 76,000*l.*, under the head of dockyard services, are there any dues collected as harbour dues or as light dues?—Not in that amount.

6422. Are those dues collected additionally?—Yes, by the local board.

6423. Then going to the 30,000*l.* received in Bombay under the head of Docks, that is not for a similar service to that rendered at Calcutta, but it is for the actual use of the docks by the mercantile marine?—It consists in part of the hire of

of the docks as I think I have already mentioned, but I have not got with me the exact amount received for hire.

6424. Then this income under the marine heading does not include pilotage or a corresponding charge at Bombay?—No.

6425. Or in any other port of India?—There is a small amount for Madras included; it is unimportant.

6426. *Chairman.*] We will now proceed to the next item of the account; there is an item you will observe, in the accounts for 1869-70 laid upon the table, of interest, 336,376 *l.*; will you be good enough to explain from what source that income is derived?—The most important item under that head consists of the interest on the Government Securities held as part of the reserve against the circulation of the paper currency. The amount of that item is 166,381 *l.* in the accounts for 1869-70.

6427. That would be the income on the ordinary rate of the public debt?—It is so.

6428. Representing a capital of how many millions?—About 3¼ millions.

6429. Are those notes actually in existence, and deposited somewhere, or is it merely an item of account?—It is more than an item of account; the securities have been purchased in the open market, and a stock receipt is held in the name of two Commissioners nominated under the Currency Act.

6430. They in fact, then, are the trustees of the Government notes?—They are trustees of the reserve held in securities.

6431. Where are the notes themselves?—The stock receipt is in fact the note itself, and this is held in the custody of the Mint Master at Calcutta.

6432. The actual Government notes are given up and cancelled?—They are given up and cancelled.

6433. The stock receipt would entitle the trustees to receive the note from the officer of the Government on request?—That is so.

6434. What is the next item under that head?—The next item consists of the dividends received on the shares of the Government in the Banks of Bengal, Madras, and Bombay.

6435. Do they still hold shares in Bombay?—The Government holds shares in the Bank of Bombay.

6436. What is that item?—That item in the year 1869-70, is 20,293 *l.*

6437. What is the next item?—The next large item consists of the interest on loans to municipalities.

6438. Is that the interest that the municipalities pay to the Government for advances?—Yes, on specific loans. The amount is 77,765 *l.*

6439. Is any part of that a sinking fund to repay the capital?—No part of that is, but it contains an item of 18,262 *l.* received from the Calcutta municipality as interest upon a loan of 52 lacs of rupees, or 520,000 *l.* made for the completion of the water supply for the town of Calcutta, and in addition to this sum which consists of interest at 4 per cent. upon the amount advanced, the municipality pays 2 per cent. into the hands of Commissioners as a sinking fund which is in addition to the amount which appears in the account to the credit of interest.

6440. The sinking fund is accumulated by the Commissioners, and not by the Government?—That is so.

6441. They retain, as I understand you, this sinking fund, and accumulate it, till they pay the capital, and do not pay it as an annuity from year to year?—No, they invest it in Government Securities.

6442. That does not explain the whole amount of interest under that item?—Then there is a sum of 59,500 *l.* as interest on loans to municipalities in Bombay. It is almost entirely the amount of interest upon a loan made to the Bombay municipality for a similar purpose, namely, for a water supply to the town including an advance of 15 lacs of rupees for payment of debts of the municipality, the principal amount of those 15 lacs being repayable by instalments in 10 years.

6443. Are the instalments all brought to credit in this item both for capital and revenue?—No; this consists only of the interest.

6444. Mr. *Candlish.*] At what rate of interest?—The rate of interest on the loans for the waterworks at Bombay is 4 per cent.

6445. *Chairman.*] Does that make up the whole of the item of 336,000 *l.*?—The remainder consists of unimportant sums, interest on arrears of revenue at Madras and Bombay, and certain quite unimportant miscellaneous interest receipts.

6446. Mr. *Cave.*] What were those loans to the municipalities intended for?—The principal loans that I have mentioned, are for the improvement of the water supply to the towns of Calcutta and Bombay.

6447. Mr. *Fawcett.*] The 166,000 *l.*, which you say arises from the profit on the paper currency in fact represents, I suppose, the ordinary profit of a bank allowed to issue a paper currency?—This can hardly be said to be all profit, for against this there must be set on the other hand the whole of the expenses which are connected with the management of the paper currency.

6448. But it represents the gross profits, not allowing for the expenditure obtained by a banker who issues a paper currency?—It represents the profit obtained by a Government which issues a paper currency.

6449. Is there given a distinct item in the expenditure, showing at what cost that 166,000 *l.* is obtained?—No, there is not.

6450. Then there are no means from the accounts of ascertaining that?—No, not from the finance and revenue accounts; but under the currency law, an annual account of the whole profits, and the whole expenses of the paper currency, is required to be published, and is published.

6451. The next item which you referred to, I believe, is 20,000 *l.* for the dividends on the share which the Government has in the Banks of Calcutta, Bombay, and Madras; am I not correct in that supposition?—That is so.

6452. Can you tell me how much money they invested in shares, in order to obtain that 20,000 *l.*?—In the Bank of Bengal, the Government holds, or has invested, 22 lacs of rupees, that is, 220,000 *l.*, being one-tenth of the capital of the bank.

6453. In Bombay, what did they invest?—In Bombay the Government has contributed 1 lac and 60,000 rupees.

6454. Mr. *Crawford.*] The new Bank of Bombay?—Yes, the new Bank of Bombay.

6455. Mr. *Fawcett.*] And what to the old?—In the old Bank they held 12 lacs of rupees.

6456. That has been lost, has it not?—Of that

Mr. *Harrison.*

9 June 1871.

the greater part has been lost; there has been a small return only.

6457. What did they invest in the Bank of Madras?—Six lacs, 18,750 rupees.

6458. So that altogether the Government, in these bank speculations, have invested something over 40 lacs of rupees, in other words, more than 400,000 *l.*, upon which they get a revenue of 20,000 *l.* a year at the present moment?—The 20,000 *l.* does not represent any return upon the capital invested in the old Bank of Bombay.

6459. But the capital invested in the old Bank of Bombay has been altogether lost. Therefore, reckoning what profits the Government derives from a particular kind of speculation, you must put the good with the bad, and consider that the whole amount that they have sunk in these bank shares is 400,000 *l.*?—That is so.

6460. And in this year they obtained 20,000 *l.* from that?—That is so.

6461. Which is about 5 per cent., is it not?—Yes.

6462. And they obtained that 5 per cent., having lost a very considerable portion of their capital; so they obtain it at a very considerable risk, do they not?—It appears to me that now, although 400,000 *l.* was invested in the capital of these banks, the return is on a smaller amount, and therefore more secure.

6463. Yes, what remains; but then what really has taken place is this: the Government has borrowed money at 5 per cent., they have invested a portion of that money; or, at the same time that they have been borrowing, they have invested money, which only returns them in interest 5 per cent., and they have invested it in a security so uncertain that something considerably over a quarter of their capital has been lost. That represents accurately the nature of their financial transaction, does it not?—Looked at as an investment, the return for the year 1869-70 can scarcely be considered as fairly representing what the Government has received. The average dividend paid to its shareholders by the Bank of Bengal for the past 20 years is 10 per cent. Therefore the profits of these banks in a particular year of depression can hardly represent the return as an investment.

6464. But still looking upon it purely as a financial result, these figures show at the present moment that the Government has been borrowing money at 5 per cent., making an investment at the rate of 5 per cent, and making an investment of such a kind that they lose considerably more than a quarter of their capital. That is what has taken place, is it not?—They have in this particular year received but 5 per cent. upon the whole sum originally invested.

6465. Mine is not an incorrect description, is it?—No, except so far as it assumes the return in this particular year to be the ordinary return.

6466. My description represents accurately the nature of the financial transaction in the last year, does it not; I will take any other year and see what the nature of the financial transaction was then; what was its nature in the year before, for instance?—It will be about the same then.

6467. Mr. *Candlish.*] Ten per cent. over an average of 20 years?—That is the case as regards the Bank of Bengal, which is two-thirds of the whole investment.

6468. Mr. *Fawcett.*] But taking 20 years, do the figures show that, taking the average of the 20 years, the Government upon the whole of their bank investment have obtained an interest of 10 per cent.?—They will show that with reference to the particular investment of 22 lacs in the Bank of Bengal, and they will show a higher return than 5 per cent. in the case of the amount invested in the Bank of Madras.

6469. Can you give any general opinion, considering the most serious loss which the Government incurred as to the advisability of Government obtaining revenue from bank investments?—The prospect of revenue would not be sufficient reason for such investments.

6470. You think that, as a question of revenue, the Government ought not to invest money in so speculative a concern?—As a question of revenue, I should say not.

6471. I understood you that the next item of which this revenue described as interest is composed, arises from loans advanced to the municipalities of Calcutta and Bombay, and that the interest which is paid on these loans is at the rate of 4 per cent.?—That is so.

6472. Do you consider the security perfect?—I consider the security good.

6473. Is there no practical risk; for instance, do you think that an individual in Calcutta or in Bombay, would as soon lend money to the municipality as he would to the Government?—The debentures of the municipalities neither at Calcutta nor at Bombay bear so high a price in the market as those of the Government.

6474. Can you give me an idea at what rate, for instance, the municipality of Bombay or that of Calcutta could borrow money in the open market?—About 5½ per cent., the municipality of Calcutta.

6475. So that the Government makes them a present, or at any rate taxes the rest of the people of India to a very considerable extent in order to make a present to the municipalities of Calcutta and Bombay of 1½ per cent. interest?—It was put in that form by the Government, but it was assumed to be 1 per cent. It was considered that a contribution was made from the general revenue for procuring a water supply to the town of Calcutta involving a payment of 1 per cent. on the amount that had to be raised by loan.

6476. And while the Government is lending money at 4 per cent., they are actually at that very time borrowing money at 5 per cent.; are they not?—Yes, that is so.

6477. Have they not in every year borrowed money at nearly 5 per cent. during a long succession of years?—The latest operations have not been at so high a charge.

6478. What is the least at which the Government has ever borrowed money; 110 has been asked, has it not?—That would hardly represent the rate at which the money was borrowed by the Government; the latest large operation in India was when about 2,000,000 *l.* of 4 per cent. stock were issued at the price of 90⅛, which will be somewhat less than 4½ per cent.

6479. Were there any advantages connected with that loan in the way of paying it off at par, or anything of that kind?—No.

6480. But still as a fact the Government have never borrowed money at less than 4½ per cent., have they, at least considerably over 4 per cent?—No.

6481. And at the same time that they have been doing this, they have lent money to the municipalities of Calcutta and Bombay at 4 per cent.?—That is so.

6482. Therefore the rest of India has been taxed

taxed in order to lend money to the two wealthiest cities in India at below the ordinary market rate?—That does not seem strictly accurate, for the whole of India includes those wealthiest cities.

6483. But the other people of India, for instance, the people of Madras, and the people who live in the country, have been taxed in order to lend money to wealthy communities, like the Calcutta and Bombay communities, at less than the ordinary market rate?—No doubt a contribution has been made from the general revenue for the benefit of those municipalities.

6484. Mr. *Crawford.*] With regard to the uncertainty of the investment in the bank shares, how long has the Bank of Bengal been in existance?—From the year 1809.

6485. And it is a flourishing, well-conducted institution, is it not?—It is.

6486. The Bank of Madras has been in existence also for a considerable number of years?—Yes.

6487. And that is also paying a good dividend, and is understood to be well managed?—Yes.

6488. The Bank of Bombay is the only exception, then, to the success which has attended the banks in which the Government has invested?—That is the case.

6489. Do not the Government derive considerable advantage from the services of these banks?—I think they do.

6490. In former days used there not to be a Government treasury where the cash was kept, and from which the treasurer had to disburse money?—That was so.

6491. That is all abolished now?—Yes.

6492. And the Government banks do that service for them in the same way as the Bank of England here does the Government business?—Very much in the same way.

6493. Does the bank receive any payment for that?—None at the present time.

6494. Then, in addition to the 5 per cent. yielded by these banks to the investment which the Government hold in their stock, the Government get the advantage of a large service rendered to them by these banks gratuitiously?—That is so.

6495. And they have at the same time, through the fact that they are interested in these banks, a sort of control over the agency which does their business for them?—They have considerable power of control.

6496. With regard to the municipal security, is it not a security represented by house property of a very valuable character?—It is.

6497. And there is a power of rating given to the municipality under Statutes by the Indian law?—Both municipalities have that power.

6498. Then, in point of fact, the Government hold as security for these loans about the best security that can be had for a loan, that is landed property?—The security seems ample.

6499. It is landed property in large, populous, and continually increasing cities?—Yes.

6500. Do you know the population of Calcutta?—I believe about 700,000.

6501. And the population of Bombay is not less?—The population of Bombay is quite as much.

6502. I believe that the Government of India have been borrowing through the Indian Home Government in this market very largely at 4 per cent. have they not?—Yes.

6503. And those moneys are equally available for the service of India as moneys borrowed in India, though raised here, that is to say, the Government by borrowing money here do not draw upon the revenues in India?—Yes.

6504. Therefore the Government borrowing in the market here at 4 per cent., and lending money to the municipalities at 4 per cent., no loss is sustained in that operation?—No loss is sustained.

6505. Your answer just now, therefore, was not correct, was it, on that point?—The answer that I gave was that it was considered at the time that the course that the Government took was equivalent to a payment of interest at 1 per cent.

6506. But the debt that bears that interest is debt contracted in India as distinguished from debt contracted here?—Yes.

6507. Can you tell me the principle on which the profits of issue are calculated?—It is the actual amount of interest or dividend on the securities purchased, the actual amount realised.

6508. Purchased by cash received from the public for notes?—Yes.

6509. *Chairman.*] You mean the money received by the Government from the banks who give it them?—The banks have no concern with the management of the currency; 3¼ millions is the whole amount invested.

6510. The Government receive cash for the notes?—Yes.

6511. And they invest a portion of the cash they receive in these securities?—That is so.

6512. What proportion at the present moment?—It is not strictly a proportion, it is a fixed sum; the limit fixed by law at present is 60,000,000 of rupees that may be invested in securities; the amount actually invested is about 3¼ millions sterling.

6513. Mr. *Birley.*] The Government holds, I suppose, considerable balances in these banks?—Yes.

6514. Are those without interest, or do they carry interest?—Those are without interest.

6515. Is that supposed to be the remuneration for the services rendered by the banks to the Government?—It is supposed to be.

6516. But is the holding of any part of the bank shares by the Government a part of the condition of the bargain with the bank?—It is not any part of the bargain by which the bank is remunerated for the service performed. These shares have been held from the institution of the banks in each instance, and the services performed by the banks are of recent date.

6517. What particular object is there in the Government holding these shares of the bank, or how does the bank benefit by it?—That opens a very wide question.

6518. I did not quite understand the object that the Government had in holding bank shares; can you briefly state it?—The object is certainly not that of direct return for the money invested; it is for the support of these banks. The bank of Bengal, which is the earliest of them, was constituted more than 60 years ago, at a time when it was thought that a strong local bank could not possibly be constituted without the direct aid and countenance and assistance of the Government and of Government officials, and this unquestionably led to the arrangement by which the Government became a subscriber to a portion of the capital of the bank.

6519. But the necessity for all that has passed away

Mr. *Harrison.*

9 June 1871.

away long since?—That is very much a matter of opinion. Up to the present time there has not been any instance of a strong local bank independent of the Government; I mean a bank confined entirely to local interests.

6520. Will you inform me what object the Government has in lending money at 4 per cent. to the municipalities of Calcutta and Bombay; is there any return for that beyond the 4 per cent.?—No money return; it is done in the interests of two metropolitan cities.

6521. What should you consider was the normal rate of interest on Government loans?—Do you mean in return for an investment at the present time?

6522. The average rate of interest charged upon Indian debts payable by the Government of India?—It must be about 4½ per cent.

6523. Mr. *Beach.*] I understand that in the establishments of these banks it was absolutely necessary for the Government to assist, or else there would have been some difficulty in the shares being taken up?—I consider that that is the case.

6524. It must be considered, not in the light of an investment, but as assisting in the establishment of institutions absolutely essential for the welfare of the country?—I think so.

6525. I presume that since the circulation of bank notes these banks are in a much better position than they were in before that time?—These banks had in each instance the privilege and advantage of issuing their own notes (with the exception of the new Bank of Bombay, which is an institution of the last year or two only), which was no doubt profitable, and that they have lost.

6526. Does that render them in a worse state?—They have lost a certain source of advantage or profit.

6527. Sir *S. Northcote.*] I should like to ask you a question with reference to the connection of the Government with the new Bank of Bombay. That is a matter of recent arrangement, you say; are you aware that that agreement of the Government to take shares in the new Bank of Bombay was a subject of considerable doubt, and that the decision that shares should be taken was arrived at with an understanding that the whole question of the connection of the Government with the banks should be reviewed?—I believe that is so.

6528. Do you know whether the subject is now undergoing consideration by the Government?—I have no information of the action of the Government at the present time.

6529. Then I will not ask you any further questions upon that point. With regard to the advances to the municipalities, have there been any instances of sums advanced to either Calcutta or Bombay which have been either lost, or of which the repayment has been delayed?—No, there has been no instance that I am aware of.

6530. Not in Bombay?—I am not fully acquainted with the history of the loan for the Bombay Waterworks.

6531. With regard to some of the reclamations at Bombay, was there no money advanced there which there was a difficulty in recovering?—It has been recovered in an indirect way lately, by the Government having taken over the whole of the works, I think.

6532. But as a matter of fact, was it not the case that money was advanced by the Central Government to Bombay with a view to certain improvements and reclamations of land which were undertaken at a time when there was considerable appearance of prosperity at Bombay, which advances there was difficulty in recovering, and which formed an item of difficulty in some of the budgets, or, at all events, were admitted to be difficulties?—Yes, that is so.

6533. With regard to advances at Calcutta, or in the neighbourhood of Calcutta, are you acquainted at all with the circumstances of the advance connected with Port Canning?—Yes, I am aware of that.

6534. Was there not money lost in connection with that?—Money has been lost.

6535. Do you know to what extent?—The amount of direct loan to Port Canning was, I think, 4½ lacs of rupees, and there has been, and probably will be, no return of any part of this money.

6536. The Government have had to take over the South Eastern of Bengal Railway, have they not?—Yes.

6537. They are now working that railway at the Government expense?—They are indirectly, through the Eastern Bengal Railway; it was called the Calcutta and South Eastern Railway.

6538. Mr. *H Burke.*] What, as far as you can say generally, is the bank-rate charged for accommodation for discount and interest?—The rate varies from a minimum of five or six to a maximum of 12 or 14 per cent.

6539. And what is the average rate of interest or money in the Presidencies?—As to the interest on landed security, do you mean?

6540. Yes; give me any information that you can on that point; take the landed securities first?—The interest on loans on house property is from 6 to 8 per cent.

6541. And I think I understood you to say that the average dividend paid by the banks in that item, which you gave me, might be taken to be 10 per cent.?—Not exactly that; but the average dividend paid by the Bank of Bengal, which is probably somewhat higher than that of the others.

6542. And the actual interest received by the Government upon what Mr. Fawcett called their bank speculations, is about 5 per cent. at the present moment?—In the year 1869-70.

6543. Then I think you said (I only want to understand the point), in answer to the honourable gentleman, the Member for the City, that these banks transacted the business of the Government, and that that was a considerable advantage to the Government?—Yes.

6544. But then I understand you to say, in answer to another honourable gentlemen, that the bank enjoyed very considerable balances, so that the connection with the Government was a valuable one for them?—No doubt.

6545. Mr. *Candlish.*] I think you qualified the first answer which you gave to the Right Honourable Baronet the Member for North Devonshire, that there had been no loss from, or postponement of, payment by these municipalities?—My doubt has reference to a large loan for the Bombay waterworks of about 38 lacs of rupees. In regard to this loan I believe that it has been a matter of considerable difficulty; the municipality has felt itself unable to make those arrangements for the liquidation of the capital sum of this loan which it has been thought proper to demand from them.

6546. And also the reclamation works at Bombay?—And the reclamation works.

6547. And

6547. And also some works at Calcutta to which you have just referred?—That is a final and total loss probably if looked upon as a loan, but it was for the making of an entirely new port at a distance from Calcutta.

6548. In point of fact you have saved yourselves as you suppose, in some cases, by taking over your securities as at Bombay for instance; though it was a bargain of sale and purchase, yet I apprehend it was a necessity that you should take the works at Bombay to save your money?—Hardly so; the direct advance to this Reclamation Company was but a small part of the value of the works; it was considered desirable to take over the whole works, but hardly as security for the particular advance made.

6549. The average rate that you are paying for your whole debt now is 4½ per cent. you say, do you not?—It would be about 4½ per cent.

6550. What money are you getting from England at 4 per cent.?—Within the last few years several amounts have been raised in England at 4 per cent.

6551. To what amount?—I am unable to give specific information.

6552. At the time you were lending money to those municipalities at 4 per cent. you were borrowing for Imperial purposes at 5 per cent.?—At one part of the time.

6553. You were then paying 5 per cent.?—Paying on the debt generally.

6554. It will be correct, then, to say that you were losing 1 per cent. by the money which you lent to those municipalities?—It was so considered at the time that the loan was agreed to; it was thought that a payment of 1 per cent. was made.

6555. And you did not advance this money only for prospective works, but to repay debts contracted by the construction of its works, debts to the amount of 15 lacs of rupees, were incurred in Bombay?—Yes.

6556. Then, in point of fact, by that one transaction paying off an old debt you lost 1,500 *l.*?—The rate of interest on that particular loan was 5 per cent.

6557. You did not lose by that transaction, then?—No.

6558. Did you say that the amount of the loan to the Bombay municipality was 750,000 *l.*?—No; the amount of one loan to Calcutta was 520,000 *l.* The amount of the loan to Bombay for waterworks was about 380,000 *l.*, and there was a loan to the Bombay municipality of 15 lacs or 150,000 *l.*, and there are other loans amounting to, altogether, 1,401,000 *l.*

6559. And you are losing, or were losing, upon that sum?—By no means upon the whole of that; even upon what it was considered that there was a loss of 1 per cent. upon, there is not, I think, so great a loss.

6560. Reckoning it at 1,000,000 *l.*, you lose 10,000 *l.* a year?—One per cent. upon 1,000,000 *l.* would be 10,000 *l.* a year.

6561. Mr. *Grant Duff.*] You explained, I think, that the Government invested in the shares in the banks with a view to call these banks into existence for the convenience of itself and the general Indian public?—Yes.

6562. But looking at the matter merely as an investment, has the Government made a very bad thing of its connection with these banks?—No; I should say not.

6563. It has received a very fair and reasonable interest for its money?—No doubt.

6564. And I presume it could sell its shares now in these banks, so as to repay it for all it has invested, including the amount it has lost in the old Bank of Bombay?—The market price of these shares is very much in excess of the value contributed by the Government.

6565. *Chairman.*] Would it be sufficiently in excess of the capital to repay that which was lost by the failure of the old Bank of Bombay?—Yes; certainly.

6566. Mr. *Grant Duff.*] The Government would be no loser if the transaction were wound up to-morrow?—No.

6567. Sir *Stafford Northcote.*] Have you taken into account the consideration whether the fact of the Government selling the shares would affect the price of the shares?—My reply was merely with regard to the present market value of the shares.

6568. Do you consider that the market value is to any extent enhanced by the fact that the Government are shareholders?—I think it may be doubtful whether the 2,000 shares which the Government holds in the Bank of Bengal could be readily sold.

6569. Mr. *Candlish.*] Is the 120,000 *l.* the whole of your loss with the old banking firm of Bombay?—Very nearly the whole of that is lost; 9,000 *l.* has been recovered.

6570. Will that cover your whole loss?—Yes; indeed there may be some further small returns.

6571. Are there no claims against that Bank at present, shareholders' claims?—I apprehend that no claim could be enforced.

6572. The shareholers are claiming of the Government of Bombay, are they not?—Claims have been made.

6573. Mr. *Fawcett.*] Is there not this disadvantage from the Government holding shares in the Bank, that as we have seen in the case of Bombay, very urgent and pressing claims are put upon the Government; that it was to a certain extent the Government Bank, and that the Government is bound to make some return; that claim is very widely put forward, is it not?—I have no doubt that inconvenience was felt by the Government.

6574. Can you by specific figures prove that if the shares which the Government at the present moment holds in the Bank were sold, it would cover the loss?—It is impossible for me to say what would be realised.

6575. I mean taking the actual price; do you state from actual figures that that could be done?—I have no doubt of the fact.

6576. What premium are they at in Bengal now?—I have not seen very recent returns, but it must be very little less than 50 per cent.

6577. As a matter of fact, with regard to the Government never having lost money, and with regard to the security which the Government has in investing in municipalities at 4 per cent., is it not the fact that they advanced a considerable sum of money to the Calcutta Port Fund, which in 1859 was wiped off as a bad debt, the whole of it being lost?—Yes, that is so.

6578. Then some of these reclamation schemes are certainly not a good security, are they, or else the Government would not have taken them

Mr. *Harrison.*

9 June 1871.

over against their will?—No; the advances to the Calcutta Port Fund to which you refer were made under the authority of an Act of the Indian Government Act, No. 22, of 1855, which provided that all sums required for the purposes of the Act should be advanced by the Government.

6579. How much was advanced to the Calcutta Port Fund?—It was an open running account; all the expenses are paid from the Treasury, therefore it is difficult to say what was the amount of the advance at any point of time.

6580. What is the amount of the whole advance?—The amount at the present time of the advance to the Calcutta Port Fund is stated at 12 lacs 55,000 rupees, 125,000 *l.*

6581. That has been wiped off as a bad debt. You get no return from that?—The actual entire loss will probably considerably exceed the sum that I have named.

6582. Would it be an exaggeration to say that the loss will be 200,000 *l.*?—No, I think not at all.

6583. And I understand you, from a previous answer, that altogether about 500,000 *l.* has been advanced to the municipality of Calcutta?—I did not include the advance to the Calcutta Port Fund in that; 520,000 *l.* is the amount.

6584. Therefore, including the amount advanced to the Calcutta Port Fund, the amount advanced has been 720,000 *l.*?—Yes, taking the two together.

6585. Therefore, what the nature of these transactions comes to is this, that you advance 720,000 *l.* to a municipality at 1 per cent. below the ordinary rate; you borrow money at 5 per cent. to do that, and you invest it in such imperfect security that nearly a third of the whole capital is actually lost?—The securities in the two cases, as well as the purposes for which the advances were made are entirely distinct.

6586. That is one part of the transaction, is it not?—No; the advance to the Calcutta Port Fund can in no sense be cousidered an advance to the Calcutta municipality.

6587. But suppose the Calcutta Port Fund had paid interest, it would have been put down, would it not, under this item that we are now considering?—Yes.

6588. Therefore it represents a portion of the capital from which this revenue is obtained?—Yes.

6589. And therefore I am perfectly correct in saying that regarding this revenue the Government advanced, so far as Calcutta is concerned, 720,000 *l.* at 4 per cent. interest, borrowing the money at 5 per cent., and losing a third of the capital?—Calcutta, including the Port Fund, has had that amount.

6590. Can you explain the very curious fact that these advances have not been made to other municipalities except Bombay and Calcutta?—That is hardly the case.

6591. Where else have they been made?—An advance to the municipality of Kurrachee of 63,000 *l.* has been sanctioned, although no payment was made up to the close of the year 1869-70. Again, an advance of 20,000 *l.* has been sanctioned for the completion of a canal round the town of Madras; of that but a small part has been actually advanced, apparently only 3,000 *l.*, of which 1,000 *l.* has been repaid. Then, to the Madras municipality, for water supply alone, an advance has been sanctioned of 128,000 *l.*, of which 5,000 *l.* has been actually advanced at 4 per cent.

6592. Now, as a matter of account, I should like to ask you this question; we have a revenue obtained partly from interest on bank shares, and partly from interest on advances made to municipalities; with regard to each of these advances, the nature of the security is so extremely bad, that a quarter of the capital has been lost in one instance, and in another case nearly a third of the capital has been lost, namely, that which has been advanced at Calcutta; that being the case, considering the risky nature of the investment, would not ordinary prudence require that you should not devote the whole of the interest received from these loans to income, but that you should devote a very considerable portion of it as a sinking fund, to recompense you in the case of these losses which you incur?—In the case of the largest of these loans which I have referred to, that of 520,000 *l.* to the Calcutta municipality, I have already explained that, in addition to the sum which appears in the account as interest, and which is calculated at the rate of 4 per cent., a sum of 2 per cent. is paid, making the charge to the municipality 6 per cent., the 2 per cent. being held by commissioners, and invested in securities of the Government as a sinking fund.

6593. But still that does not meet my question; if you invest in a speculative security, in a security which involves not only a possible suspension of interest, but also a possible loss of your capital, can you in prudence devote the whole of your returns to income?—In this case that is not done.

6594. But you devote the whole of the 4 per cent. to income?—The whole of the 4 per cent.; but the whole of the 4 per cent. is not the whole of the return; the whole of the return is 6 per cent.

6595. But taking it with reference to the bank shares, is that the cost?—In regard to the bank shares the capital invested is not only intact, but represents a larger amount of present value.

6596. But you would have given me a similar answer if I had put you a similar question, a year before the Bank of Bombay failed, would you not: the Bank of Bombay then was supposed to be as flourishing as the other banks, and yet it failed, and the Government lost all this capital; and looking at the experience of the past, can you consider that the Government have invested their money in concerns which involve no risk?—It is impossible to say that the investment of money in the Bank of Bombay involved no risk.

6597. Then that being the case, ought you prudently to devote the whole of this sum which is put down as revenue to income?—The recent loans to municipalities individually are sufficiently secured. The fact that one investment is bad, does not seem to show that another must be.

6598. As to the railway which has been alluded to, did not the Government buy the railway?—Yes, the Calcutta and South Eastern Railway.

6599. Did not they advance money to the Orissa Irrigation Works, from which they had a very considerable loss in the same way?—I am not aware that there is any loss. They have taken over the works of the Orissa Irrigation Company on terms with which I believe the shareholders were hardly satisfied.

6600. At the present moment, there is a loss to the Government, is there not, on the amount which they have so expended, that is, there is

not been a profitable return?—There is no sufficient immediate return.

6601. Therefore, at the present moment, it represents a loss?—At the present moment it may be said to represent a loss or an investment.

6602. Mr. *Birley.*] With regard to that 200,000 *l.* for the port of Calcutta, is there any great improvement in return for that money?—A very great improvement in the moorings which have been laid down, at a very great expense, for the accommodation of about 200 ships of all sizes.

6603. Then, although the Government has lost the money, the port of Calcutta has received improvement, either equivalent to that 200,000 *l.*, or equivalent to a portion of it?—Yes.

6604. Should you consider that the improvement was equivalent to the 200,000 *l.*?—I should think it was.

6605. Mr. *Cave.*] Are those irrigation works which you mentioned just now still in operation?—I cannot give precise information with regard to the position of the Orissa Irrigation Works.

6606. Mr. *Candlish.*] Are the whole of these loans on terms leading to a gradual yearly reduction?—That is the character of the recent and principal arrangements.

Tuesday, 13*th June* 1871.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Bourke.
Mr. Candlish.
Mr. Cave.
Mr. Crawford.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Grant Duff.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Fawcett.
Mr. Haviland-Burke.
Mr. Hermon.
Sir Wilfrid Lawson.
Mr. Lyttelton.
Mr. M'Clure.
Sir Stafford Northcote.
Mr. J. B. Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. EDWARD FRANCIS HARRISON, re-called; and further Examined.

Mr. *Harrison.* 13 June 1871.

6607. *Chairman.*] WITH reference to the item which appears in the account for 1869–70 of "Miscellaneous Receipts" in India, 1,446,982 *l.*, will you state to the Committee of what various receipts that total is made up?—It is composed generally either of amounts which do not fall under any of the principal heads of revenue, and are not of themselves of sufficient importance to be separately stated, or else in some cases they are casual and extraordinary receipts, the inclusion of which in the heads of revenue with which they are connected would be inconvenient as tending to vitiate comparative results.

6608. Are all these receipts, or are the receipts under all these heads every year, or some of them only for a single year?—Of some of them it is true that they occur every year, but such are for the most part inconsiderable separately, and are therefore shown as miscellaneous; but some are casual, and do not recur.

6609. Will you take them in their order, if you please?—The first amount is 42,328 *l.*, which consists of gain on transactions with London.

6610. What do you mean by "gain on transactions with London"?—It occurs in this way; there are certain large amounts advanced in England for payment of annuities to retired members of the Civil Service, and to annuitants upon certain provident funds connected with the Civil Services on which this arises. The annuitants are paid in England. Annuities of 1,000 *l.* are repaid to the Government in India by the trustees of the fund from which the payment is made, at the rate of 10,000 sicca rupees, which is equal to 10,666 and two-thirds Government rupees, being 6 per cent. more than the amount paid in England when compared with the official rate of exchange of 2 *s.* This results in a gain in account equal to 6 per cent. on the total amount of these annuities disbursed in England. Then on the annuities that I referred to connected with provident funds of the Civil Service, the amounts are repaid to the Government in India by the trustees of the several funds at the exchange of 1 *s.* 11 *d.* the sicca rupee; that is equal to an exchange roughly of 1 *s.* 9½ *d.*, the Company's or Government rupee; but inasmuch as the repayment is made 12 months after date, the transaction is equal to an exchange of about 1 *s.* 10½ *d.*

6611. Then is this considered to be the gain of the Government in the exchange?—That is considered to be the gain of the Government.

6612. Is that an item which fluctuates according to the course of exchange, or is it merely the difference between two official rates?—It is merely between two official rates; and there is no fluctuation.

6613. It depends entirely upon the amount paid in London?—Yes.

6614. That would be a constant item?—It may be considered a constant item.

6615. What is the next item?—The second item that I have is premium on bills, 7,343 *l.* This consists of the premium realised upon drafts issued by one treasury in India upon another.

6616. It depends upon the rate of exchange?—Yes.

6617. There is always some premium, more or less?—There will be some premium occurring in every year, but on the other side of the account we shall find a loss or discount on other transactions.

6618. Mr. *J. B. Smith.*] Is that 7,000 *l.* the balance of profit and loss?—No; it is the actual premium realised on particular transactions.

6619. *Chairman.*] That is to say, taking the exchanges where the premium is received, and where there is a loss, it goes to some other part of the account?—Yes.

6620. Then the next item is premium on money orders; what does that amount to?—£. 15,539; that is a premium or commission at the rate of about 1 per cent. I say about 1 per cent., because it is a fixed rate of commission on orders of particular classes.

6621. Which the Government grant from one treasury on another?—Yes.

6622. Then the next item is unclaimed dividends;

posits; what does that amount to?—£. 90,946; these are deposits made in the Government treasuries on various accounts, and if unclaimed within three years, or rather before the close of the fourth year, including that of the receipt, they are carried to revenue, and if thereafter they are paid the payment will appear under the head of refunds.

6623. As a deduction from the miscellaneous receipts which is represented by the sum of 101,045 *l.* in the account for 1869-70?—Yes.

6624. What is the next item?—The next item, "unclaimed bills," is of the same character; the amount is 104,460 *l.*

6625. Is that treated in the same way?—That is treated in the same way; but the sum of 101,000 *l.* that under appears "allowances and refunds," must be considered in connection with these two items.

6626. Do you happen to know whether there is any real profit on these transactions, or whether ultimately they all come to matters of account?—In regard to deposits, I think that it may often be that sums are retained as deposits which might more properly be taken in the first instance to the revenue account, putting such deposits aside, I cannot think that there is any real gain on transactions of this kind.

6627. What is the next item?—The next item is Government printing presses 13,225 *l.*; that consists of the sums received by sale of official publications and official army lists and Government gazettes, and so forth.

6628. Do you mean the net result of their printing operations, or simply the income?—This is simply the income, the amount of cash receipts.

6629. Does the expenditure appear on the other side of the account?—Yes.

6330. What is the next item?—The next item is a very important one, amounting in the total to 493,598 *l.* connected with the military funds; that consists first of subscriptions to these funds amounting to 248,645 *l.*

6631. Do you mean that that is the money that is deducted from officers' pay, or otherwise received from officers as contributions to various military funds?—Yes, that is so.

6632. Then that is not carried now to any separate account kept of the military fund, but it goes into the revenue?—It now goes into the revenue.

6633. Does the whole of the expenditure from this fund go into the other side of the account?—It does; it is a comparatively new thing in the Finance Accounts; it had its origin in the changes in the organisation of the Indian army which followed the measures of 1858.

6634. Formerly a separate account was made, and then the Government assumed the management of these funds?—The Government assumed the management of these funds under the authority of an Act of 1866, by which the Government took over the capital of the funds together with all their obligations. The interest of officers in the funds was guaranteed to them; the subscriptions are now carried to revenue, as we have seen, and the charges for pensions are taken as charges against revenue, and further, the difference by which the annual charge exceeds the annual receipts is taken to revenue by charge to the capital accounts of the funds.

6635. Will you explain why this item does not appear under the item of miscellaneous receipts of the army in the general account?—All these funds in their inception were formed by the voluntary association of the officers of the different branches of the service, the arrangements having been in each case made with the approval of the East India Company, and the contribution of the Company, or the charge upon the revenue, consisted in the main of the allowance to these funds of a favourable rate of interest upon the amounts which they deposited in the Government treasuries.

6636. By which you mean the rate of interest some per-centage higher than the public debt or the Government Bonds at the time?—Quite so. It seems to have been looked upon rather as an arrangement for the general advantage of their servants than as a military charge.

6637. But was not all that changed when the Act of Parliament was passed, which distinctly said that it should be an incident of the military service that Government should pay those things?—It is a question whether it would not, under present circumstances, be more proper to deal with these payments as military charges.

6638. What is the other item which made up that sum of 493,000 *l.*?—Excess of payments over receipts, 244,953 *l.*

6639. What payments in excess of receipt are those?—When this change was made, instead of showing the entire capital of the funds transferred as revenue of the year in which it was taken over it was arranged that the difference only between the charge of the year for pensions and the subscriptions of officers received in that year should be taken from the capital account of the fund and placed to the account of revenue.

6640. Do I rightly understand you then, that this, though appearing as a receipt, is a sum entered to balance the payments?—It is so.

6641. The whole payments being in excess of the subscriptions for the year by 244,000 *l.*?—That is so.

6642. And then is this receipt derived by the sale of a portion of the capital fund made over to the Government in 1866?—No, it is a matter of account. The entire capital of these funds remaining appears in the statements of account as deposit not bearing interest.

6643. That is in the Account at page 63?—Yes; the sum transferred to revenue will be included, or a great part of it will be included in that item in the first column of deposits 449,761 *l.* That is so far as relates to the military funds of the Bengal Presidency. Those of Madras and Bombay will be under the corresponding heads of Madras and Bombay.

6644. What do you say as to this item on the same page of "Service Funds," 831,323 *l.*; what are those?—Those will be the funds which are now recognised as service funds bearing interest; funds of the Civil Service.

6645. Then where is this drawn from; where is the fund shown from which this money is obtained. That only represents payment; but is it now part of the capital of the debt of India, and is it shown in that, or is it shown as a balance in the general treasury account, or how is it shown?—It is shown among the obligations of the Government. The amount of the obligations of the Government on accounts that are not bearing interest is not stated in these Finance and Revenue Accounts.

6646. It used to be, used it not?—It has been returned from time to time, but not I think in the annual statement; the amount of debt

Mr. *Harrison.*

13 June 1871.

bearing interest, is there; but not that portion of the obligations which do not bear interest.

6647. You think that the capital whatever it may be that was made over does not appear in these printed accounts before us?—No.

6648. Do you know what the amount is?—The amount at the close of the year 1869–70 was 2,931,528 *l.*

6649. Then the Government will be at liberty to appropriate that capital to make good the deficit so long as it lasts?—That is the case.

6650. Do you know whether any calculation has been made to show that by the time that is exhausted the charge will cease, or will the charge come upon the revenue?—I can form some estimate of the time within which these funds will be exhausted; it varies in the case of the several funds. There are two funds connected with the Bengal Army, the Bengal Military Fund, which provided pensions to the widows of officers of the army, and also some other objects; and there is a second one, the fund of the Military Orphan Society, which had separate obligations; the capital of the Bengal Military Fund consists at present, as appears on the accounts, of 473,000 *l.*, and taking the payments as at present and the receipts as at present; there is an annual deficiency of about 74,000 *l.* which will exhaust the fund in somewhat less than seven years. In the case of the Military Orphan Fund the capital amounts to 480,000 *l.*, the payments to 62,420 *l.*; the receipts to 50,180 *l.*, and the annual deficiency is about 12,240 *l.* which will exhaust the fund in about 40 years; but I should perhaps mention that in both these cases as well as in those of the other funds which I have not come to, it does not follow from the fact that the capital will be exhausted before the annuities lapse that these several funds are not solvent, because they are no longer credited with interest on the capital sum in the hands of the Government. If interest were allowed upon the capital it might be that the subscriptions, together with the interest, would be amply sufficient to meet all future obligations.

6651. If that were done, on the expenditure side of the account there would be an addition to the public expenditure of the interest?—Quite so; the effect at present so far is that the annual charge for interest has been saved.

6652. When you say saved, you mean that the annual charge for interest has not been made; it is not saved?—No, it is not ultimately saved, it is merely on the account as stated.

6653. And the deficiency is made up by the capital?—The deficiency is made up from the capital.

6654. Could you tell us in general terms when, treating the thing as a whole, the capital will be exhausted by this process, I mean that capital of two millions and odd, which you have mentioned?—I should estimate from 12 to 15 years.

6655. At the end of the 12 or 15 years, will the charge on the fund have so altered under the new arrangements, that it will be diminished so as to come within the subscriptions?—It would require a careful actuarial estimate to determine the probable position on the exhaustion of the capital.

6656. But without going into a minute account can you explain to us the principle upon which the arrangement proceeds; does it proceed with a view to the subscriptions at the end of that period of 12 or 15 years, being sufficient to pay the charge on the fund?—No, there will be an ultimate charge until the whole of the annuities are extinguished.

6657. Without going into a minute estimate, what do you suppose it would be, would it be a charge equal to that of the present year, or would it be a gradually diminishing charge?—No doubt it will be a gradually diminishing charge, the funds having been many years in existence, and being closed against new entrants, the maximum annual charge has doubtless been reached.

6658. Then how long do you suppose it will last as a charge upon the revenue over and above the receipts?—I presume for the greater part of a century. The funds are applicable to the support of the widows and children of officers who entered the army up to 1859, I think.

6659. Then they must live a long time if the charge will last as long as you say?—The widow of an officer entering the army at the age of 17, in 1859, and who should marry after 30 years' service, may well be living in 1959.

6660. It would come to an end then with the lives of persons now in the public service?—With the lives of the widows and orphans of persons now in the service.

6661. Mr. *J. B. Smith.*] The widows and orphans of soldiers killed?—No, of officers of the army who may have entered the service previous to 1859.

6662. *Chairman.*] They are entitled then to have the fund kept up, and to have the annuities paid to them, which the officers' widows and children previously received, and the officers who entered previously to 1859, are bound to continue to pay their subscriptions during the rest of their public service?—That is so.

6663. And then after the subscriptions have ceased, and after this capital fund is exhausted, we understand there will be a considerable surplus of charge that may be prolonged for a good many years afterwards, and that will be a dead charge?—That will be a dead charge.

6664. Mr. *J. B. Smith.*] Did I rightly understand you to say, that the capital was invested in Government securities?—No; the capital was deposited with the Government, and interest was allowed upon it, until the time that the capital of the fund was taken over by the Government; after that, there could be no object in allowing interest.

6665. But in estimating the loss, it would only be just to calculate interest upon the capital which the Government have in hand?—Certainly, in order to arrive at any conclusion as to whether it is a gain or a loss.

6666. *Chairman.*] What you are doing practically by those arrangements, as I understand you, is this; you are relieving the annual expenditure of what is a charge, namely the sum representing the interest of two and a half millions of money, and you are putting that charge upon the future revenues for any period that may last from 15 years hence to the end of a century?—That is the effect of the arrangement.

6667. Then that would account for 493,598 *l.* under miscellaneous receipts; but do you think that in any new arrangement under an Act of Parliament, this ought to go over to the army and be treated as an army receipt and expenditure?—It would perhaps be a better arrangement.

6668. Will you go to the next item?—Old stores and materials 8,236 *l.*, that is simply miscellaneous

cellaneous stores of the Civil Department, proceeds of packing cases, waste paper, and that sort of miscellaneous receipt.

6669. What is the next item?—£. 5,712, "sale of Durbar presents."

6670. Will you explain what is meant by that?—All presents made to the Viceroy, and to the Governors in India, are appropriated to the public account. Sales are made from time to time, and this sum represents the amounts received on this account in 1869-70.

6671. This is the gross receipt?—That is the gross receipt.

6672. Would the expenditure appear under the head of expenditure, or under the sub-head of "repayments, allowance, refunds and drawbacks," 101,000 *l.*—The payments in purchase of presents will appear under the head of Administration on the other side of the account.

6673. What is the next item?—Fees, fines, and forfeitures, 12,928 *l.*; that includes marriage fees under local Acts, and burial fees, emigration fees, under Act No. 13, of 1864, of the Government of India, and fees for stamping weights.

6674. These are all gross receipts without deduction for the establishments?—Yes, they are all gross receipts. There are certain smaller fees, fees for uncovenanted civil service examinations in Madras, and fees for passports. Those are all included in the 12,900 *l.*

6675. What is the next item?—The next is a casual one, Surplus Revenue of the Straits Settlement, for period prior to April 1867, 4,522 *l.* The administration of the Straits Settlement was transferred to the Colonial Office, from the 1st April 1867, and this represents the amount found to be due to the Government of India in settlement of account.

6676. What is the next item?—The Police Superannuation Fund, 45,211 *l.*:

6677. What does that represent?—On the reorganisation of the police force in India, which was first made in the Madras Presidency and afterwards extended (it has been carried out throughout the whole of India), arrangements were made for giving superannuation allowances to the constables from funds to be formed by a tax of half an anna in the rupee of their pay, which is about 3 per cent. There was no definite actuarial scheme ever made for regulating this matter, and it was found after some years' experience that either from constables leaving the force before being entitled to superannuation, or from their being promoted to grades in which they would be entitled, under the Government rules, to pensions without payment (it is the practice of the Government of India to allow pensions to their servants for the most part in receipt of pay of more than 10 rupees a month), the claims on the fund would be small, and it was determined to discontinue the system. The Government took over the corpus of these funds, together with their obligations, and the future pay of the constabulary, it was intended, should be readjusted in accordance with these conditions. The amount in the accounts represents the capital of these funds at the time of their being taken over.

6678. Then this item will not reappear in the accounts?—That will not reappear.

6679. But on the other hand, the expenditure will be increased by the charge for the superannuation?—It was intended that the pay should be readjusted with regard to the condition that the constables would receive pensions.

6680. But there will be an item in the account for the superannuation although the sum for the salaries will be less in proportion?—Yes.

6681. Mr. *J. B. Smith.*] The Government has taken that 451,000 *l.* as income?—Yes.

6682. *Chairman.*] Do you know enough of the accounts to explain this sum appearing thus, whilst there is a separate item for police of 287,000 *l.* in gross receipts; do you understand what that item is so as to explain why they are not under the same head?—I can explain generally, that that consists of the contribution from municipal bodies for police in order that the accounts may represent the full expenditure.

6683. It represents the municipal contributions throughout India to the charges of police?—That is generally the case.

6684. What is the next item of these miscellaneous receipts?—The balance of the Orissa Famine Fund, that is 29,115 *l.* That is casual, being the amount found to be due to the Government on the settlement of the account.

6685. Repayment of advances of the previous year?—Yes, it is of that character.

6686. What is the next item?—There is a small amount received for the expenses of the preliminary survey of waste lands, 1,689 *l.*

6687. Does that represent all the operations under the appropriation of waste land?—It is the sum deposited by persons intending to take up waste lands to defray the preliminary survey.

6688. What is the next item?—Recoveries on account of law charges, 2,191 *l.*; that represents the recovery of sums advanced for carrying on the suits of persons allowed to sue *in formâ pauperis.*

6689. Mr. *J. B. Smith.*] That 1,600 *l.* for the survey of land was treated as revenue too, I suppose?—Yes.

6690. *Chairman.*] What is the next item?—The next was the sale of tea plantations, and tea in the North West Provinces, 10,837 *l.*

6691. Is that a casual receipt?—That is casual for the year, and will not reappear.

6692. Sir *Stafford Northcote.*] Are there many of those transactions of sale?—There have been two or three sales. This is the sale of a tea garden named Kowlagheer, in Dehra Dhoon, in the North Western Provinces, and I am aware that there have been one or two sales of experimental tea gardens in the Kumaon Valley, but that is not related to the accounts of this year.

6693. *Chairman.*] Those have been carried on by the Government to open up the cultivation of the country?—Quite so, not with a view to profit or revenue.

6694. Mr. *J. B. Smith.*] In short, they were experimental?—Yes, experimental.

6695. *Chairman.*] What comes next?—The next item is receipts from experimental cotton factories, 7,157 *l.*; that is purely experimental.

6696. Is that from the sale of the factories?—No; the sale of the produce or receipts in connection with the management of them.

6697. Is that net receipt?—It is the gross receipt. It occurs in the Punjaub and in the Central Provinces.

6698. Where does the expenditure appear?—The account has been rearranged, and the expenditure will appear in future under an account of "Minor Departments."

6699. On the other side of the account?—Yes.

6700. There is still a sum of about 145,000 *l.* to account for, to make up the whole item of "miscellaneous"?

Mr. *Harrison.*

13 June 1871.

"miscellaneous"?—There is about 145,000 *l.*; in regard to that, the accounts are not received from India in sufficient detail, to enable me to give to-day full information, but I find that it includes such items as these: "stoppages from the pay of Government servants in hospital, the sale of cinchona plants in Madras, subscriptions to district gazettes published in the Madras Presidency, receipts from staging bungalows, or rest-houses, sale of elephants attached to the Survey Department; and I have also reason to believe that it includes the balance of a fund for the service of civil court processes in the Bombay Presidency.

6701. May we infer from this that the Government of India has adopted the course that is pursued by the Government here of paying all the receipts in connection with services into the Treasury, and accounting for them as receipts, so as not to deduct them from the expenditure?—That is the case.

6702. And that all these small items that cannot be put under any particular head, go into this general item of miscellaneous receipts?—That is the case.

6703. Can you further explain, with reference to these special services, where you have told us there is a receipt on the one side and an expenditure on the other, such as the military funds and other funds, whether a balance-sheet is made out annually, showing the operation in each particular case, and the result of the operations apart from the ordinary accounts of the Exchequer; that is to say, whether to manifest the character of these operations to the Government such a balance-sheet is made out?—Not for publication.

6704. But for the Government?—A periodical statement of the obligations of the Government is made out.

6705. To go to particulars, then, under the Act of 1866, the Government assumed the administration of the various military funds, those were separate military funds for each presidency, and even more than one fund in each presidency?—That is the case.

6706. Before those funds were so assumed, the trustees of those funds made out regular annual balance-sheets, did they not, showing the working of them?—Yes.

6707. Has the Government continued those balance-sheets in respect of each of those funds, showing the continued working of them under the Act, and the probable consequences?—Complete accounts are maintained which would show the working of the funds.

6708. But I am asking you whether the Government system has continued balance-sheets of these special operations, so that they manifest themselves from year to year; what is the result?—I can hardly speak to that point.

6709. You do not know that they do?—No.

6710. Then with the 145,000 *l.*, which you have explained, that would make up the whole sum of 1,450,000 *l.* in round numbers?—Yes; which appears in the account for this particular year.

6711. Mr. *Fawcett.*] You are the Controller of the Revenue Department of the Government of India, are you not, at Calcutta; that is the especial department to which you belong?—Not for the management of the administration of the revenue.

6712. To control it?—So far as the accounts of the revenue go.

6713. In fact you are summoned here as the representative of the Control Department, are you not?—To give such information to the Committee as is at my command.

6714. You are called as an official witness; I do not wish to put any questions to you which ought more appropriately to be put to another witness, and it would be unfair to you for me to do so; but as you are summoned by the Government distinctly as an official witness, I want accurately to ascertain what particular official department you represent; you represent the Control Department, do you not?—I do.

6715. You can give me some idea as to what the Control Department does; what is the department for?—For the audit in detail of all the civil expenditure, and for the record of all civil revenues.

6716. Then this department would consider it peculiarly and particularly their duty if in this audit they discovered some item put down as income which ought to be put down as capital, to protest, would they not?—Not to protest.

6717. But to point it out?—To point it out.

6718. It would be peculiarly the province of the department to point it out?—I think so.

6719. *Chairman.*] Does the Audit Department in India consider that its primary duty is to see that there is the authority of the Government of India, or of the district government, if necessary, for the particular item that it is called upon to audit?—That is its special duty.

6720. And if it finds, in reference to the item that is presented to it, that there is an authority from the Government for discharging that item, and carrying it to a particular account, then is its duty at an end or not?—It is quite satisfied.

6721. Its real function is to see that every item of expenditure that is brought under its notice is in accordance with the authority either general or special given for that item by the Government of India, or the government of the district?—That is the case.

6722. Mr. *Fawcett.*] I understand that amongst the Miscellaneous Receipts one of the largest sums, 451,000 *l.*, is put down as Police Superannuation Fund?—Yes.

6723. You say that that item arose from the Government undertaking a scheme of superannuation pensions, and never taking any trouble whatever to consult an actuary as to the charges which ought to be made to carry out that scheme?—No; I cannot infer want of prudent care from an arrangement which has resulted in leaving a very large sum in the hands of the Government, and not in any loss.

6724. But you cannot create money out of nothing, and therefore this large sum of 451,000 *l.* must have come from somewhere; and what it amounts to is this, as far as I understand it, that owing to the carelessness of the Government in not consulting an actuary, too high a rate was charged for these annuities and pensions, and the consequence is, that this 451,000 *l.* has been virtually taken out of the pockets of police?—It was the condition of their engagement, their pay being fixed at a certain normal rate, that a certain fixed deduction should be made therefrom.

6725. But the Government never intended to make a profit out of the superannuation scheme, did they?—I presume that it was intended that the

the Government should be secured against loss.

6726. But not to make a large profit?—That was probably not an object.

6727. And they never have consulted an actuary as to the rates to be paid; so you have stated, have you not?—I believe they did not.

6728. I understand you now that the Government is going to increase the pay of the police, and to put them on a new footing?—Rather to decrease the pay, with reference to the prospective advantage of the pension held out to them.

6729. But in order to give them some compensation for that, they are going to raise their weekly pay?—Rather to diminish the pay.

6730. Then do you not think, after your description, that this 450,000 *l.* being an accidental receipt, which never can recur according to any principles which regulate any private concern, it ought to be put down as capital, and not as income?—The general principle upon which the finance accounts rest is, I think, that they contain a record of everything that is received as revenue, and everything which is paid as expenditure. These receipts represent cash that was actually received, or what was equivalent to a cash receipt, being a deduction from expenditure made at the time of payment.

6731. Of course it is quite right that it should be put down as a receipt, and no one doubts that; but is it a receipt that can be fairly used as income?—There is no distinction in regard to receipts that may be considered as income and distinct from capital. There is no such idea as that of capital accounts in the revenue and finance accounts of the Government.

6732. I presume so, from your evidence; but do you think that any accounts can be satisfactory, or that you can place any dependence upon them, if they have not a capital account to which to appropriate receipts?—A receipt of this character cannot fairly be compared with ordinary expenditure.

6733. Can a receipt at any time be compared with ordinary expenditure; will you explain your meaning more clearly, if you please?—I mean that it is not of a character that is available.

6734. *Chairman.*] You mean that the receipt is not available from year to year for current expenditure?—That is my meaning.

6735. Mr. *Fawcett.*] But do I understand you rightly, that under no circumstances whatever can or would any receipt, from whatever source it is obtained, be devoted to capital; that it would always be spent in income?—I consider that to be the case.

6736. I believe that during the year for which these accounts refer to, a very considerable sum of money was borrowed; you obtained an exceptional receipt, which properly is not income; would it not be fairer, instead of putting down as income, to consider it as so much capital, and by considering it as so much capital, for that reason to borrow less; do not you think that that would be a fairer way of keeping the accounts?—The result seems to me to be precisely the same.

6737. You have described yourself as Controller General to the Government of India, and I suppose you understand that expression to signify that you are not Controller General in any way of the Government of India, or of their financial policy?—Certainly not.

6738. There is no Controller General in the sense of controlling or of protesting against their financial policy?—No.

6739. You say, as a matter of fact, that none of these miscellaneous receipts, from whatever source obtained, have ever been devoted to capital or to the reduction of debt; they are always spent as they have been this year, as income?—I can hardly say spent as income; they have been added to and included in the income of the year; but clearly, where it is merely a transfer from an obligation of the Government, there is no such addition to the revenue of the year as is available for expenditure. This does not form a receipt in cash of the year; it is a reduction from the obligations. In the case, for example, of this Police Superannuation Fund, a portion of it will be found as a reduction from the head of "Treasury Notes bearing Interest," which appears in the finance accounts, and is therefore a discharge of debt; it is applied, I may say, in that sense, to the reduction of debt.

6740. Is any account kept, so that an annual record is produced of what amounts and what particular sums are devoted in this way to what you have described as a virtual reduction of debt?—Returns are from time to time made of the amount of the obligations of the Government, which, in effect, are, I think, what you refer to.

6741. But could I, for instance, discover, or could any Member of the Committee discover, from the accounts placed before Parliament, how much of this 451,000 *l.* has been devoted in the way you describe to the reduction of debt?—I think that can only be inferred from the result of the account, as showing a surplus of revenue on the expenditure or otherwise.

6742. But how could you discover it from that?—Well, if half a million of this kind is added to revenue, and the result is an exact equilibrium, I should say that there was a virtual deficiency in the year's revenue to that extent.

6743. You would say that that was the proper way of describing the financial position of India for that year?—On those data.

6744. How much, for instance, has been devoted in the accounts which are before us in this way, so as to produce this equilibrium?—It is not accurate, I think, to say that these sums have been so placed in order to produce an equilibrium; and, on the other hand, some large amounts of a very similar character will be found upon the other side of the account in expenditure. That is not a matter which, as I understood, the Committee wished to inquire into at the present time; but I may mention shortly, that large amounts from the irrecoverable debts of the Port Funds at Port Canning, Calcutta, Moulmein, and Bassein, were written-off the accounts of this year by being included in the account of expenditure.

6745. As it is the feeling of the Committee that we should not now enter into questions of expenditure, we will assume that certain amounts have been put down to expenditure which represent exceptional expenditure. Then for a moment directing your attention to revenue, can you state how much has been devoted in the manner you indicate to produce an equilibrium, which you consider is of an exceptional kind of income, that ought properly to be stated to represent the deficiency in the income?—I should specify the following items: capital of police superannuation funds, 455,211 *l.*; payment made by the Maharajah Holkar in capitalisation of tribute, 107,168 *l.*; and

Mr. *Harrison.*

13 June 1871.

and accumulated receipts from the sale of waste lands, 416,614 *l.*; that amounts to 974,993 *l.*

6746. Then, according to the description that you have previously given, an equilibrium in the expenditure and revenue having been obtained by devoting such items as these to revenue, you would say that the financial position of India was accurately described by saying that there was really a deficiency of 974,000 *l.* and odd, unless there was exceptional expenditure?—Which on this occasion there is; I cannot leave that out of sight.

6747. *Chairman.*] What is the amount of exceptional expenditure in the gross?—The amount of such exceptional expenditure I take to be 364,746 *l.*

6748. Mr. *Fawcett.*] Then, according to your figures, the net amount of this exceptional kind devoted to income is rather over 600,000 *l.*?—£. 610,247, taking the figures that I have given.

6749. This refers to the year 1869-70, does it not?—Yes.

6750. In that year the financial minister stated that there was a surplus of 150,000 *l.*, did he not?—£. 118,000 it was stated; but the character of it, I think, was fully laid before the public.

6751. Therefore you would consider that a more correct description, considering this appropriation of exceptional receipts of the financial position of India, was to say that during the year 1869-70 there was not a surplus of 118,000 *l.*, but a deficiency of rather more than 500,000 *l.*?—It would require a careful review for me entirely to assent to that, but I think that is the case.

6752. And I suppose that the financial position of India, in many other years besides 1869-70, in consequence of the appropriation of exceptional receipts, would have to be corrected in the manner just indicated, would it not?—I am not prepared to say.

6753. But from your knowledge of the finances of India, I suppose it has not happened that this is the only year when large exceptional receipts, such as those that you have described, have been devoted to income?—I am not prepared to say what has been the general effect of such transactions; there have been transactions of a similar character.

6754. In many previous years?—I hardly think that can possibly be the case, for these receipts from their nature are not capable of recurrence.

6755. With regard to what is put down as the receipt under the military funds, 244,000 *l.*; I understand from your description that that receipt really represents an operation which has been described as discounting the future, that the Government is not providing at the present time for increased charges which they will have to meet?—That is the effect.

6756. Therefore properly, according to principles of sound finance, they ought to be at the present time spending more on these military funds than they actually are, ought they not; in fact they spending their capital, are they not?—Yes; I think that is true.

6757. They are spending this capital at the rate of something over 100,000 *l.* a year, are they not?—The amount is this sum of 244,000 *l.*

6758. So that really the sum of 244,000 *l.* represents not any actual revenue, but simply indicates, as it were, and is a measure of, the prodigality of the Government in spending their capital; is not that the case?—I cannot accept that view of it.

6759. I will put the question in another way; this 244,000 *l.* represents an appropriation of capital; the income arising from that capital represents a certain charge which the Government has to bear; therefore, when they have exhausted their capital, they will have to provide for this charge out of the ordinary revenue of the country, will they not?—That is the case.

6760. Mr. *J. B. Smith.*] Supposing that it be as Mr. Fawcett states, is it any part of your duty as Controller, to point out these things to the Government; do you consider it merely your duty to obey orders of the Government, or to point out from time to time when you think sums are improperly appropriated?—It is no part of my duty to protest or remonstrate on the action of the Government.

6761. But merely to carry out their orders?—Merely to carry out their orders.

6762. Mr. *Fawcett.*] I simply wanted your opinion as the opinion of a great authority on the point; you cannot say that this spending of capital is proper; you simply, by such system, relieve the present generation at the expense of future generations, do you not?—I cannot answer that.

6763. But we are distinctly to understand that the Government is spending the capital from which certain charges are to be provided, and when the capital is exhausted, they will have to provide for the charges out of ordinary income?—That is the case; but it must not be left out of sight that they will in effect have had the use of this capital without charge for interest during the time that it is in the process of exhaustion.

6764. But still that does not alter the fact, that when the capital is exhausted, which in the case of the Bengal Military Fund you say will be in seven years, the annual charge to be borne by the ordinary revenues of the country will be increased?—Yes, it will.

6765. Is there anything in these accounts to show, for instance, with regard to an item such as the 7,000 *l.* derived from the experimental cotton manufactories, at what expense that income was obtained?—I can state generally the expense; the expense is not deducted from receipt, but appears on the other side of the account.

6766. Without going into the item of the expense, is it distinctly stated what the expense is in a separate sum, so that anyone looking through the account can balance one against the other?—I think the account as laid before Parliament is in too abstract a form to show that, but the particulars and the information are readily available.

6767. But they are not available from the Papers laid before Parliament?—At page 38 of the Accounts, you will observe, under the head of "Bombay and Scinde," "Cotton Commissioner, 2,276 *l.*", and under "Central Provinces," in the previous page, "Cotton Commissioner, 2,600 *l.*" Those sums, I think, represent the corresponding expenditure.

6768. When you say that the accounts are not given in sufficient detail, do you mean that the revenue is lumped in one sum, and the expenditure is lumped in different sums, and therefore you cannot tell anything about the financial success or failure of any particular one of these experiments; that is the defect in detail to which you allude, I presume?—For the purpose of determining

termining such success or failure I think it would be necessary to state a separate account. I hardly think it would be practicable that such a result should be brought out in this statement.

6769. Do not you think that it would be useful to prepare these balance sheets, which you say are not prepared, so that, for instance, at once information should be readily obtained as to the financial loss or gain of any such experiments as these?—It would be useful.

6770. And you would recommend the keeping of such balance sheets?—I think it might be done in regard to many branches.

6771. There is a small receipt for Durbar presents as you stated; is it customary to sell all that are received?—Some are employed to be given as return presents.

6772. But it is not usual for any to be kept as private property?—No.

6773. Mr. *Beach.*] The Committee must infer from your evidence that these miscellaneous receipts in future years are likely to fall off?—Yes.

6774. Mr. *Eastwick.*] With regard to these funds, you stated that the disbursements would go on for a century, and you spoke of the children; but the female children cease to receive anything on marriage, do they not?—Yes.

6775. And the male children at the age of 21?—Yes.

6777. Did not Sir Richard Temple, in the Budget of 1869–70, especially speak of these miscellaneous receipts as great "windfalls," without which the receipts on revenue would have been much reduced?—Yes.

6777. He spoke of them distinctly as exceptional things, and not likely to recur?—They were noticed in those terms.

6778. *Chairman.*] We will now go to the miscellaneous military receipts; there is an item of "Army, miscellaneous," 1,082,605 *l.*; will you be good enough to state what that item is composed of?—The accounts showing that in detail are not immediately available, and therefore I am obliged to speak from the estimate only; the estimate of military receipts for the year 1869–70 was 729,702 *l.*

6779. Will you explain what the heads of receipt are which make up this total?—Taking them from the estimates of the year there was expected to be received on the grant for regimental pay 11,240 *l.*; the purchase-money paid for discharge, and unclaimed balances of deserters. On the Commissariat grant the following receipts were expected: 51,800 *l.* from sale of Commissariat provisions and stores; 317,500 *l.* from proceeds of sale of malt liquor.

6780. Do you mean malt liquor sold to the troops which had been bought by the Government?—Bought in England by the Government and sold to the troops, and there was expected to be received from the sale of spirits, rum, and arrack, 96,000 *l.*

6781. That being bought in the same way by the Government?—Bought by the Government, but for the most part in India.

6782. And re-sold to the troops?—Yes.

6783. When you speak of the re-selling to the troops, do you mean that that is part of their ordinary rationing, or is it sold in canteens?—It is sold in canteens; it is sold by the Commissariat Department to the regimental canteen.

6784. That is quite independent, then, of the ordinary pay and allowance of the troops?—Quite so. Then from Commissariat cattle 5,400 *l.* was expected to be received, and from miscellaneous receipts in the Commissariat Department, 11,000 *l.*

6785. What is the next item?—The Stud Establishments, 33,920 *l.*; the sales of stud cattle, the sales of regimental cast horses, and amounts received from officers for chargers supplied.

6786. We understand that this is the gross receipt, and that all the expenditure of such establishment goes under the head of Charges for the Army on the other side of the account?—Yes.

6787. And the same with regard to the previous item of the purchase of liquors?—The same is true of every part of the military receipts.

6788. Then the next item is what?—Clothing Establishments; there is a return there of 40,090 *l.*

6789. What is that?—I cannot speak positively to it, but I understand it to be clothing supplied for the most part to other departments of the Government; to the police, for instance, being clothing made up by the clothing agencies of the Government.

6790. A military clothing agency?—Yes; so that it is more a matter of account than any real return.

6791. But do some of these receipts come from local funds, municipalities or others?—That will probably be the case. It may also be on account of the police, paid from the revenues being for supplies from the Military to the Civil Department.

6792. To adjust the accounts between the Civil and Military Departments?—Quite so.

6793. What is the next item?—Under the head of Barrack Establishments there is a return of 6,755 *l.* It is for sale of barrack and hospital furniture and recoveries for damaged furniture. Under the head of Administration of Martial Law there is a receipt of 2,400 *l.*, which consists of the receipts from regimental and garrison prison funds.

6794. That is also a gross receipt?—That is a gross receipt. Under the head of Medical Establishments there is a return of 22,969 *l.*, that consists of the stoppages for men in hospital, but includes also the sale of medical stores; and this again will be in great measure for medical stores supplied to the Civil dispensaries; some on payment and some not. Some of them will be paid from charitable dispensary funds, and some will be merely an adjustment of account between the Civil and the Military Departments. Under the head of "Ordnance Establishments" there is a return of 108,970 *l.*

6795. What is that from?—Sale of ordnance stores and camp equipage and miscellaneous receipts of that branch. Under the head of "Education" there is a small receipt of 437 *l.* It appears to be receipts of damaged library books of regimental libraries, and receipts of that character. Under the head of "Sea Transport Charges" there is 3,580 *l.* table money, which officers have to pay.

6796. That is, they repay to the Government the expense of their table when they are being conveyed?—That is the explanation of it.

6797. What is the next item?—It is described as "Miscellaneous," and it is 17,415 *l.*, which consists of such miscellaneous receipts as amounts forfeited by contractors, and it also includes, though it is not an important item, the gain by exchange transactions with London; that

Mr. *Harrison.*

13 June 1871.

occurs only in this way: the soldiers' pay is uniformly converted in India at the exchange of 2 *s.* 0½ *d.* the rupee; this rate of exchange is ordinarily to the advantage of the soldier. In the case of his family remittances to England, and remittances of savings bank balances, he gets the advantage of that rate involving a loss to the Government, which appears on the other side of the account; but in certain cases the gain is on the side of the Government, as in the case of the transfer of a regiment to India; the amount of the regimental savings bank balance is placed to the soldiers' credit at that exchange of 1 rupee for every 2 *s.* 0½ *d.*, being then to the disadvantage of the soldier; and this small gain, for it is not at all important, comes into this head of account.

6798. Mr. *Fawcett.*] How much is that item?—I think the military estimates will state that (*the Witness turns to them*). It is 100 *l.* only for the Bengal Army, and Madras, and Bombay, will probably amount to about as much; about 200 *l.* in all.

6799. *Chairman.*] Are those all the several heads of receipt with which you are acquainted under this item?—That is all.

6800. You cannot tell us exactly how it was increased from the estimate of 729,000 *l.* to the actual receipt of more than a million?—No information has been received in this country; and I am unable to speak to that at present.

6801. Do you know whether it is the practice of the Government to have balance sheets made out of any of these transactions, such for example as the canteen transactions, which show whether they make a profit or loss on the whole business?—I think that full information is available.

6802. But is it the practice to have an annual balance sheet made, to exhibit at a glance to the Government what is the result of their operations?—No, I think not; not in that form.

6803. That applies to all these operations, detached from the general business of the Government, such as supplying the canteens with beer or with spirits?—I think that the results of these operations are fully known.

6804. But still there is no system of extracting from these accounts the whole operation, so as to show exactly what is the general effect?—There are no regular stated accounts.

6805. Do these items appear regularly in the military receipts from year to year, so as to be a system of military receipt, or do you consider any of these casual?—No, I think that the whole may be considered as of an ordinary and recurring character.

6806. Mr. *Bourke.*] Ordinary in amount, do you mean, or in character?—Ordinary in character.

6807. And the amounts would be on an average about what they were last year, I presume?—Yes, I think they will average about the amount in the Estimates for 1869–70.

6808. There is one item put down "commissariat sales," 50,000 *l.* odd?—Yes.

6809. Is that usual, or was it more last year than most years?—The amount taken in the sum which I have stated as the proceeds of sale for the Bengal Army is 30,000 *l.* The actual amount in the previous year which is available, was 39,583 *l.*, not very widely different.

6810. That represents, I suppose, things that have been bought in excess of the wants of the army, and sold afterwards?—No, I think that for the most part, it will be of the same character that I was explaining in regard to some other items, an adjustment of account between the different departments of the Government being for stores supplied by the Commissariat possibly in some cases to ships of Her Majesty's Navy, and in other cases to different branches of the Civil Department of the Government.

6811. And would those moneys that have been received back or expended, be shown on the other side of the account?—That would be so.

6812. Mr. *Fawcett.*] You say that the items which you have described, which amount to 700,000 *l.*, may be described as ordinary military receipts, do you not?—I meant to say that there appears to me to be nothing extraordinary in the receipts of this year, that receipts of the same character may be expected to occur from year to year.

6813. Of the same character, and of about the amount?—Yes.

6814. That refers to the items which you have gone through, amounting to 700,000 *l.*, does it not?—That is so.

6815. But then the actual military receipts this year, according to that description, amount, not to 700,000 *l.*, but to 1,060,000 *l.*, which represents something very extraordinary, does it not?—The estimate is based upon the expectation of the ordinary receipt, and I therefore consider that the amount estimated may be considered to represent what, under ordinary circumstances, would occur.

6816. From the figures before us it appears that in 1869–70, when the revenue only just balanced the expenditure, there was an exceptional military receipt of nearly 300,000 *l.*?—The receipt exceeded the estimate by about that.

6817. You cannot give us any information as to how that arose?—The information is not immediately available.

6818. Can you give us any general idea?—No.

6819. When will the information be available?—It could readily be obtained on reference to India.

6820. With regard to some of these receipts, for instance, the receipts from stud establishments, you of course, in the Control Department, must know at what expense that receipt has been obtained?—If you appeal to me personally, I do not, for the administration of the Control Department for the military is distinct.

6821. But still there is some department of the Control Department which knows exactly at what expense that revenue has been obtained?—Certainly.

6822. Suppose they thought that the revenue was too small, or too small in proportion to the expenditure, would they think it their duty to protest?—It is not a department of revenue in any sense whatever.

6823. But who would be able to exercise that control?—It is under the administration of the Commissariat Department; the Commissary General.

6824. But then, as a matter of fact, I am to understand that the Commissary General is under no control?—I do not understand that he is relieved from all superior control.

6825. But, for instance, supposing that a revenue of 30,000 *l.* had been obtained in the Stud Department by an expenditure of 35,000 *l.*, and that, if the thing had been properly managed, the revenue, instead of being 30,000 *l.* would have been 50,000 *l.*, whose duty would it be to point that fact out to the Commissary General; would it

it not be the duty of the Control Department?—The Commissary General has the information at his command.

6826. But supposing the Commissary General did not (as the Commissary Generals sometimes do not) manage his affairs perfectly, is there any one to control him?—He is responsible to the Government.

6827. But there is no particular Control Department that controls an expenditure or a revenue like that?—No department independent of the Government.

6828. *Chairman.*] To whom does the Commissary General report; do you happen to know that?—To the Government.

6829. Is it direct to the Military Secretary of the Government?—Direct to the Military Secretary of the Government.

6830. Mr. *Fawcett.*] But I understand that the Control Department does not exercise any control, as its name implies that it does, over the expenditure and the revenue?—The Control Department exercises no control whatever independent of the Government.

6831. But does it in operation with the operation with the Government; the Governor General in himself in Council cannot be expected to go into all these details; whose duty is it to examine closely into the details of revenue and expenditure, and see that the revenue is as large as it ought to be, and that the expenditure is not greater than it ought to be?—The administrative head of this particular department is, as I have stated, the Commissary General.

6832. But I understand that the department is distinctly under his management; he spends the money, and he directs it?—He is responsible to the Government for his management in every particular.

6833. Mr. *Crawford.*] I think you misunderstood a question which I put to you the other day, when I asked you whether the Bank of Bengal received any payments from the Government in respect of the services which it rendered to the Government as its bank; you said that it received none at the present time?—My answer was not quite correct. There is no payment made at the present time in regard to the services performed at the newer branches of the Bank of Bengal; but the sum of 43,000 rupees is paid to the bank for the management of the business of the general treasury in Calcutta.

6834. The Bank of Bengal accords then to the Government at its branches, the same banking advantages which the bank itself does to the Government at Calcutta?—That is so.

6835. So that when money has to be transferred from one branch to another branch, the Bank of Bengal is not instrumental in rendering the Government services in that matter?—Such transfer may be made through the agency of the bank, but the bank does not undertake to place the funds wherever required; that is no part of the duty for which the payment referred to is made.

Lieutenant Colonel GEORGE CHESNEY, R.E., called in; and Examined.

6836. *Chairman.*] WHAT has been your occupation in India?—I have been Accountant General, and in charge of the accounts of the Public Works Department from 1861 to 1870.

6837. You will observe that in the accounts laid before Parliament for 1869–70, there is an item appearing of "Public Works, Miscellaneous," 957,714 *l.*, will you be good enough to inform the Committee of what that item is composed?—It is composed of three main items; first, Miscellaneous Receipts, 173,478 *l.*; next, water rent from Irrigation Works, 530,656 *l.*; and thirdly, Railways, gain by exchange, 253,580 *l.*; Grand Total 957,714 *l.*

6838. Can you explain more in detail what the miscellaneous receipts are?—The miscellaneous receipts are divided into four classes; first, "Tolls, Fees, Fines, and Refunds."

6839. How much is that item?—I am unable to give the total of that; the return from one province is wanting, so that I am unable to give the total for the whole of India; but with the exception of that province, the return is here.

6840. Will you give us that and the name of the excepted province?—The excepted province is Madras; the information is readily obtainable, but I have not got it here. That item would be about 60,000 *l.* altogether.

6841. Will those be tolls and fees received by the Government for the use of certain works, ferries, roads, or what?—I should explain that by far the greater part belongs to the head "Refunds," and is principally a matter of account, being a credit on account of charges raised against local funds. Where a service has been performed by the Government of India on behalf of a local fund, a charge has been raised against the local fund and the credit given to the Imperial funds. The tolls and the fees are a very small part of the whole.

6842. What is the next item?—The next is "Rents of Lands and Buildings;" the amount is about 50,000 *l.* Those are buildings including military quarters occupied by officers or by civilians; Government quarters rented by them, and any lands held by the Government, and let for rental.

6843. You mean in the occupation of the Works Department, who re-let or otherwise make a profit of them?—Yes; but the main item is rents from officers occupying Government quarters.

6844. Is that rent derived from officers of the Government generally, or from officers of the Works Department?—From officers of the Government generally; mainly from officers of the army.

6845. Then do we rightly understand that for this purpose all the buildings which are in the nature of residences or otherwise are put in charge of the Works Department, and that in some cases they charge rent for the use of them?—In almost all cases rent is charged, and it is recovered and brought to credit by the Works Department.

6846. What is the next item?—The next item is "Sales of Produce;" principally the sale of grass on the Government embankments; occasionally crops of grass are sold elsewhere; the total amount is between 5,000 *l.* and 6,000 *l.* The fourth item is, "Sales of Buildings and Plant;"

Lieut. Col. *G. Chesney*, R.E.

13 June 1871.

that will be about 25,000 *l.* That makes the whole amount in round numbers.

6847. Is that last item one of ordinary regular occurrence, or exceptional for the year?—It occurs every year; in this particular year it was exceptionally large; there were some sales of buildings in Bombay to the amount of 20,775 *l.*, which, I believe, speaking from memory, arose from a transfer to the Bombay Port Trust Fund of certain public buildings.

6848. Mr. *Crawford.*] To the Bombay Municipal Trust?—To the Bombay Port Trust, a new trust created under a special Act of the Legislative Council; that was an exceptionally large sale.

6849. *Chairman.*] Now, proceeding to the next item of water rents and irrigation, is that 530,000 *l.* considered to be the regular rental for the year?—The rental is gradually expanding, but in the year 1869-70 the rent in the North West Provinces of the canals there was exceptionally large, owing to the drought in the previous season.

6850. Do you know what the increase was in that year over the previous year?—In the previous year the rents for the North West Provinces were 259,230 *l.*; in this year, 1869-70, they were 324,198 *l.*, showing an increase of about 64,000 *l.*

6851. Are these the gross receipts without any deduction whatever for expenditure for the canal irrigation works?—Without any deduction.

6852. Would that expenditure appear on the other side of the account?—It appears on the other side of the account; I may state that the total amount of this 530,000 *l.* is made up thus: irrigation revenue in Bombay, 2,438 *l.*; in Bengal, 5,487 *l.*; in the North Western Provinces, 324,198 *l.*; and in the Punjab, 198,533 *l.*

6853. Will you tell us what the chief heads of receipt are that will make that income in the North Western Provinces so much larger than from Bombay and other Presidencies?—I should explain that originally the Government derived no direct revenue from irrigation works. When first the British assumed the government of the country they found that it was the custom of the native rulers to maintain the irrigation works, such as existed, in repair at their own cost, either by forced labour or by paid labour, recouping themselves through the assessment on the land. This was the plan adopted by the British Government in Southern India where irrigation works were first established, and has been maintained up to the present time. The first beginning of a direct revenue from irrigation works in the form of a water rate was on the occasion of the construction of some canals in the North West Provinces, where the assessments being for a long term of years it was impossible to obtain an increased revenue indirectly from them, and a water rate was consequently established there. That practice was followed in the Punjaub; it has now also been followed in Bengal with respect to the new irrigation works there, and has been commenced in Bombay with the new irrigation works lately set on foot in that province.

6854. Then as to the smaller sum which you first mentioned, where was that derived from?—The small sum in Bombay is derived from one or two works which have lately been constructed. In Bengal the revenue, also small, is mainly derived from the Orissa irrigation work, which was purchased by the Government about two years ago.

6855. You did not tell us what particular works there are in the North West Provinces?—The greater part of the revenue is derived from the Ganges Canal, and about one-third of the 324,000 *l.* from another canal from the Jumna. In the Punjaub 198,000 *l.* is derived equally from two great canals which each contribute one-half of that. The four provinces above named are the only four which as yet give any direct irrigation revenue.

6856. Is this charge now for irrigation made by an Act of the Legislative Council, or by the order of Government?—It is made under the authority of an Act of the Legislative Council.

6857. Is the tariff fixed in the Act, or by the order of the Government?—I think a maximum tariff is prescribed in the Act; but I am not quite certain upon that point.

6858. Is the receipt from sums paid by those who voluntarily take the water, or is it a compulsory rate?—It is entirely voluntary. The rate amount is determined by the extent of the land irrigated every year.

6859. The party takes as much as he likes?—Yes, if there be sufficient water available, and he pays according to the nature of the crop which is irrigated; the rate varies from about 2 *s.* 6 *d.* an acre to about 10 *s.* an acre, speaking roughly, according to the nature of the crop.

6860. That is on the estimated quantity of water that such a crop will require to bring it to maturity?—Yes.

6861. Do you know whether the whole of the water that is available from these canals when completed is now being consumed, or is there any surplus?—On the Ganges Canal, which is the largest irrigation work, the supply of water is, generally speaking, not equal to the demand of the cultivators.

6862. So that that canal may be said to be in full working order, its powers fully taxed?—Yes.

6863. And what is the case with regard to the other canals?—With the exception, I think, of the great canal in the Punjaub, which is not quite completed, I believe the others are now in full working order, the water doing its full duty.

6864. What is the estimated revenue from the Punjaub canal which is in full working order?—I think it is almost impossible to say that; the demand on the Ganges Canal seems to be steadily rising, not perhaps year by year, because it varies to a certain extent with the harvest, but the general tendency of the revenue is to improvement, and there is no reason to suppose that the same thing will not take place in the Punjaub.

6865. However, the quantity of water which that canal will supply is not yet used?—It is not yet fully used, I believe.

6866. With regard to the small work in Bombay, is that the beginning of some work, or a complete one?—That is a very small revenue which will become largely enhanced hereafter. I should mention that the Ganges Canal for some years did not pay its working expenses; the development of irrigation is always a slow process.

6867. Does the Government keep a balance sheet of the annual working of each of these canals?

canals?—A capital and revenue account of every irrigation work is kept and rendered to the Government of India every year. It shows the working expenses, and a charge of 5 per cent. on the capital, and on the other side there is the balance of profit or loss, as the case may be.

6868. Are you able to state to us what the net profit or loss of the principal works is?—The return would require a day or two to prepare; the information is readily available. I may state generally that the Ganges Canal now pays net about 7½ per cent. on the capital, that is after charging all expenses for maintenance and establishment.

6869. Mr. *Fawcett.*] Does that include the amount that you ought to allow, considering the number of years that it did not pay its expenses?—No, the loss of the previous years has been charged off in the accounts of those years.

6870. *Chairman.*] Taking the actual cost without accumulation of interest from past years, then it is 7½ per cent. upon that sum?—Yes.

6871. With regard to the other canals, how does the case stand?—The two canals from the Jumna are, I believe (speaking at this moment from memory, and subject to correction), paying about 17 or 18 per cent. on the capital.

6872. Computed, I suppose, in the same way without charge for interest during construction?—Yes; but I should mention that those two canals paid about 5 per cent. almost from the first commencement, so that in their case there was no accumulated loss to make up. The construction occupied only two or three years, and the canals have been in working order nearly 40, so that the sum lost during construction is but a small item comparatively.

6873. Have you any other canal which you have not mentioned?—The Orissa irrigation work has only just commenced to come into working order.

6874. How long has it been in construction?—I think it took five or six years to construct.

6875. Mr. *Fawcett.*] The Government did not construct that canal; they bought it, did they not?—Yes.

6876. But it was complete when they bought it, was it not?—Partially only.

6877. *Chairman.*] Are you able to give us any estimate of its present net return?—The estimate for the current year for the irrigation works in Bengal is 35,350 *l.* of gross revenue, that is for 1871-72.

6878. At that former period it was not yielding any return, was it?—It was yielding a trifling return.

6879. Can you put in a short statement of the canals, showing their length, the capital, the expenditure, and the number of acres upon which the amount is raised?—Yes. I should explain that the Orissa Irrigation Works are not quite in the nature of canals, and one cannot state their length in the same way as you can with regard to others; it consists of a net-work of navigable canals combined with other irrigation works.

6880. Mr. *Crawford.*] In your return, would you distinguish the navigation tolls from the water rents?—Yes.

6881. *Chairman.*] Then the third heading of this receipt is the gain by exchange on the railway?—Yes, that, however, includes 8,080 *l.* on account of the traffic receipts of the Calcutta and South Eastern Railway.

6882. Will you explain in what way you arrived at the credit of 253,000 *l.* from what you could gain by exchange?—In former years the gain by exchange used to be put against the loss, and the net result only shown in the estimates; in the year 1869-70, the two sums, which really have no connection with each other, were separated in the accounts; this gain represents the difference between the rate at which the Government receive the traffic receipts from the companies in India, and pay them to the shareholders in England; they receive them at 1 *s.* 10 *d.* a rupee from the company, and they credit the Secretary of State at the rate of 2 *s.*, and consequently there is a gain to the Government of India in their accounts with England of 2 *d.* per rupee.

6883. That is to say, the accounts are adjusted at 2 *s.*, and there is a difference of 2 *d.* to be accounted for, which is accounted for in this manner to make the accounts balance?—Yes.

6884. Mr. *Crawford.*] The railway company has charged 1 *s.* 10 *d.*?—Yes.

6885. *Chairman.*] It does not represent the actual operation of exchange, but merely the adjustment of accounts on that principle?—Yes; there is, however, a gain, because the rate of exchange has not for some years been so low as 1 *s.* 10 *d.*

6886. That would be a totally different thing if you enter into the question of an actual remittance?—Yes.

6887. With regard to the last item, the receipts from this railway, is that a railway constructed by the Government or taken over by the Government?—That is a railway purchased by the Government, the railway that runs from Calcutta to Port Canning, on the Mullah, for a length of 24 miles; the Parliamentary title of the railway is the Calcutta and the South Eastern.

6888. That is only the gross receipt?—Those are the gross receipts; the expenditure is shown on the other side of the account.

6889. Is the Government still in possession of that line?—It is still in possession of it; it is being worked by the Eastern Bengal Company, on behalf of the Government.

6890. Do the Government keep a balance-sheet now of that railway?—Precisely of the same kind as that kept of the different railway companies; a half-yearly revenue account and a capital account are kept.

6891. Has the capital actually been paid off?—The capital has been paid to the shareholders.

6892. Mr. *Cave.*] Is the Ganges Canal navigable?—Yes.

6893. Then is that the reason that the water supply is likely to fail, as you say?—Enough water must always be kept in the canal to allow of boats going through, but the canal at the termination where it joins the Ganges is very small, so that the total loss on that account is very inconsiderable.

6894. Where does the water come from to this canal?—It comes from the Ganges, from a dam at the head where the river issues from the mountains; it is there diverted into the canal, and joins the river again at Cawnpore.

6895. And therefore the loss can only be temporary, I suppose?—There is a constant loss going on, so far as that the channel has to be kept

Lieut. Col. *G. Chesney.* R.E.

13 June 1871.

open at the tail of the canal to admit of boats passing down into the river.

6896. I suppose the source at the other end is quite inexhaustible?—Yes.

6897. So that it is simply a question of the time that boats take to go between one lock and another in which the scarcity could arise?—The scarcity is not in the navigation; it is in the irrigation; in times of drought the canal is not able to supply sufficient water for cultivators.

6898. It cannot run quickly enough between the locks?—No; the channel is not sufficiently large to give off the quantity of water that could be sold if it were there.

6899. Is the supply of water for irrigation checked; are there lock-gates, for instauce?—The irrigation is conducted by means of small subsidiary channels taken off at intervals from the main canal; these again are diverted into smaller channels, which open out into the fields by means of small gates.

6900. How is the supply checked to the cultivators; mechanically?—There is no mechanical check; the cultivator applies to have his fields irrigated, and if the water is available the gate is opened, and the water is turned on to his field.

6901. And he takes as much as he wants?—Yes.

6902. Are the gates opened periodically?—No; on application only.

6903. Are the banks of the canal high above the country, generally?—Generally.

6904. And I suppose the expense of keeping them up is great, is it not?—I think not, compared with the magnitude of the works; the banks are in very good preservation usually.

6905. There is no great pressure of water upon the bank?—No; the water is, generally speaking, below the level of the country.

6906. Then the bed of the canal is not above the level of the country in any case?—It may occasionally be so in passing through low ground, but generally speaking not.

6907. Is there any pumping?—No.

6908. You spoke of the capital that had been lost in former years and had not been accounted for; was that absorbed in the annual accounts of Indian revenue?—Yes.

6909. Mr. *Crawford.*] The question of profit or loss is one of account only, I suppose; that is to say, it simply passes through the books of the Government and is not brought to credit in any way?—No, the gross receipts are shown in the general accounts and the gross expenditure.

6910. Has the irrigation from the Ganges or in any other canal had any effect upon the public health of the district?—That is a moot point; some people say that it has, and others say strongly that it has not.

6911. What is your own opinion?—I should say that the Ganges had usually no pernicious influence, but unquestionably some of the older canals, mere conversions of old Mahometan works, have had a very bad effect indeed.

6912. Causing fevers and malaria?—Yes.

6913. There is a set off in that respect, therefore, against the advantage derived from them?—Yes.

6914. The canal does not discharge any water into the Ganges at Cawnpore, does it?—There is a small quantity running over the weir there, just enough to keep the channel open.

6915. With regard to the gain on the exchange for the railways, I think you mean this: that the net profit received by the Government in India for the account of the railway companies is accounted for by the Secretary of State here to the railway companies at the exchange of 1 *s.* 10 *d.*?—That is so.

6916. That is, that 22 pence are given here to the railway companies for the rupee in India?—Yes.

6917. Then there is a set off against that, is there not, in respect of the capital transferred from this country for the construction of the railways to India?—Yes.

6918. In that case the Government in India gives the railway companies a rupee for every 1 *s.* 10 *d.* paid in here?—Quite so.

6919. Does the Government permit any irrigation works to be conducted on private account?—In some parts of India there are very extensive private irrigation works.

6920. Take a public spirited landlord who wished to go beyond the boundary of his own estate, and desired, with the consent of his neighbour, to do so; would he be allowed to do that without obtaining the authority, as we should say here, of Parliament?—I do not think that such a case has ever arisen. I never heard of any man proposing to irrigate anybody else's land, though I have heard of men proposing to irrigate their own.

6921. Has not the great pecuniary advantage supposed to be derived from the investment of money in this way been a sufficient attraction to native landowners?—I do not think that these works would be found to be very remunerative if you consider the number of years during which they do not pay.

6922. But with all the experience that has been gained by the Government, would it not be possible for a private individual using his own intelligence, and such engineering assistance as he could obtain, to enter into a transaction of that kind with advantage; would the Government interfere with him?—I do not suppose they would if such a case arose, but I do not think it likely to arise.

6923. I suppose the Government would get their return in the shape of increased assessment from the soil irrigated?—I do not think they would look for any increased assessment in that case if they had not made the works.

6924. Mr. *Fawcett.*] What is the whole amount of the capital account expended on the Ganges Canal, do you suppose?—I could furnish you with the last capital account, but I believe it is about 2,000,000 *l.* sterling.

6925. How many years was it from the time that outlay was first incurred before the canal began to pay anything?—The canal first began to pay a sensible revenue in 1861, after the famine.

6926. And when was the canal completed?—It was not completed even then; it was opened in 1855, but the irrigation only began in 1858.

6927. I think I understood you to say that this Ganges Canal cannot be considered to be remunerative to the Government at the present time if you take into account the number of years that it made no return?—It would not be remunerative if you look merely to the water rent; but if you consider the saving in land revenue in bad years which it has effected, unquestionably it has been highly remunerative.

6928. Yet

6928. Yet simply as a question of receipts it would not be remunerative?—As a question merely of receipts it has not been remunerative, but on more than one occasion the Government has been saved from a very large remission of land revenue by means of the irrigation of the Ganges Canal in bad years.

6929. You have enumerated several irrigation works which have been satisfactory, but there are a great number of others which are in a very unsatisfactory pecuniary condition, are there not, with regard to the return which they make to the Government?—The works of Madras have never in account yielded any direct return, but they are the most remunerative works which exist in India, because they produce very great results with a very small expenditure.

6930. But still that is not shown by figures?—That is not shown by figures, except in this way, that the land revenue of those provinces has increased enormously, and unquestionably that increase has been mainly due to these irrigation works.

6931. £. 8,000 is put down as the only railway receipts; I suppose you are aware that at the present moment the Government is entirely out of pocket by the railway directly, are they not?—That is the only working railway which the Government possess at this moment.

6932. But under this item, supposing that the net receipts in any case exceed the Government guarantee, if the Government divide one half, it would appear under this item, would it not, of railway receipts?—It would.

6933. Then every railway in India, at the present moment, represent a net loss to the Government, does it not?—In 1869-70 it appears to do so, but in some years before, two railways have paid more than the 5 per cent guaranteed.

6934. How do you account for their falling off?—I think it was a temporary falling off, in great measure arising from the financial difficulties in England which had affected trade, and consequently the traffic of the railways very seriously in India.

6935. But in 1868-69 were there any receipts from railways?—I am not able to say from memory whether there was or was not any net receipt.

6936. There is no receipt from them in the estimate of revenue for the present year, is there?—On the expenditure side of the account, is shown the charge for guaranteed interest, and from that is deducted traffic receipts, which also includes any surplus divided by the Government, so that it would not be shown whether it was there or not.

6937. But you do not know from your own knowledge that there is?—My own impression is that three railways are expected to pay more than 5 per cent. on their capital.

6938. Still in the aggregate, considering that there is a very large deficiency at the present moment, we cannot expect that this net sum of money will increase, can we?—Certainly, because not one of these railways is yet fully opened, and the charge of 5 per cent. is on the whole capital, whereas the receipts come from only a portion of the line.

6939. As to the receipt put down here at 8,000 *l.* from the Calcutta and Port Canning Railway, upon what capital does that represent a return?—I think about 400,000 *l.*

6940. And I understand that that 8,000 *l.* is a gross receipt, and not a net receipt?—A gross receipt.

6941. Then the net receipt will probably be less than nothing?—It has been worked at a loss hitherto; it has not paid its working expenses hitherto.

6942. Can you tell me what the loss is?—The traffic is very small, but it has been a failure throughout.

6943. Is the loss as much as 20,000 *l.* a year?—No; I think it is 5,000 *l.* a year.

6944. So that the Government paid 400,000 *l.* to realise a loss of 5,000 *l.* a year?—No, they would have to pay the guarantee under any circumstances; they bought the line, in hopes that they might reduce the working expenses, and thus make a better thing of it.

6945. Can you explain who recommended them to guarantee 5 per cent. on such a line?—I am not able to say that.

6946. Do you know what year it was done in?—It must have been about the year 1866 or 1867.

6947. Could you, with the same facility as you can provide returns in regard to the irrigation works, provide us with a similar return, in regard to the railways, so as to show the amount expended with the revenue up to the present time, and what it is obtained from?—Very complete returns are in the India Office, and are no doubt available.

6948. Can you accompany your irrigation works return with such a return as that?—I should explain that I have no official connection myself with the India Office as regards these works, but the information is readily available there.

6949. This item of 8,000 *l.* appears as the only railway receipt, because the Government bought the line?—Yes.

6950. Can you explain why they bought the line if they did not think that they could manage the line any cheaper?—They thought they might reduce the loss in working the line, which they have done.

6951. Have they a right to purchase any line?—The contract provides in the case of each railway that the Government shall have the option of purchase at certain fixed intervals.

6952. Do you think from your experience of public wants that it would be a wise thing, with a view of increasing revenue, for the Government to exercise its right, and buy railways?—This was a case where there was a very small revenue with a completely separate staff; by buying the line, and making over the management to another railway company in the immediate neighbourhood, they were able to reduce the staff and the working expenses immediately; the case was exceptional.

6953. You would not draw any conclusion from this case as to a general policy?—Not from that particular case.

6954. Was not an order passed a year since to somewhat limit the right of the Government to purchase?—I believe that in renewing their contracts with some of the companies, they have divested themselves of the power to purchase within a certain time.

6955. But in some cases they have divested themselves of this power to purchase permanently, have they not?—I am not aware of that.

6956. I believe that in this item of Miscellaneous Receipts from Public Works, there is put

Lieut. Col. *C. Chesney*, R.E.

13 June 1871.

down the item of Sale of Stores, is there not, sometimes?—Yes.

6957. Suppose that a public work has been carried out with public money, and that any stores were bought which were not required, or that the work is suspended, and those stores are sold, do not you think that the proceeds ought to be devoted to capital and not to income?—The work is paid for out of revenue, and therefore I think that the sale of the stores should be credited to revenue.

6958. But not in all cases, is it?—In the case of stores sold from some work which is constructed from a loan fund, then the stores would unquestionably be carried to the credit of the work, and reduce the capital account to that extent.

6959. But I have been informed, on very high authority, that repeated instances have occurred (and I should like to know your opinion on this) of public works carried out by loans in which surplus stores have been sold, and the money has been devoted to income and not to capital?—I am not aware of any such case having occurred.

6960. What department is there, for instance, to check such an abuse as that; whose duty would it be to check it?—The Public Works Code strictly specifies that in the case of all stores sold, the proceeds shall be carried to the credit of the stores account; now, as those stores, in the case of works constructed on loans, are standing at the debit of the capital account, the capital account would therefore be relieved by that sale to that extent.

6961. But who is the particular person who is responsible for that; suppose, for instance, we should discover that such has not been done, upon whom can we fasten the responsibility?—The responsibility, in the first instance, would rest with the Comptroller of Public Works Accounts of the province concerned, who is the officer responsible directly to the Accountant General of the Government of India, who in turn is responsible to the Governor General in Council.

6962. Then, with regard to the province of Bengal, I suppose the person who would be responsible for the act would be the Comptroller General?—The person who would be responsible for the act would be the person who had done it.

6963. Who would be responsible for its discovery?—The Comptroller of Accounts of that province.

6964. That is the person described as the Comptroller of the Government?—No; each province has an officer styled Controller of Public Works Accounts; these officers form the Public Works Account Department.

6965. Each presidency has it?—Each presidency and each province; there are 11 of these comptrollers altogether in India.

6966. When you say that the money that arises from the sale of stores here has arisen in the case of public works which have been constructed from revenue and not from loans, do you express that opinion simply from a general impression, or after examining into the subject?—Quite so; from knowing that a certain rule exists and that no instances have come to my knowledge in which it has been violated.

6967. Is that a subject which you have ever looked into yourself?—Very particularly; and I have never discovered any instance.

6968. Can we discover from the accounts, for instance, with what public works the proceeds of these sales were connected?—That return could only be obtained in India; it is readily obtainable there.

6969. In fact, by returns from India, we could see all the details how this item is made up?—The most complete details.

6970. Mr. *Crawford.*] You are acquainted with a Mr. Danvers' Annual Report to the Secretary of State on Railways, I presume?—Yes.

6971. And that contains full information, does it not, of the whole of the conditions and circumstances under which the railways have been constructed and are working, and everything else connected with them from year to year?—Yes.

6972. And that will afford all the information that you can possibly give, I suppose?—There is a great deal more detailed information also existing at the India Office.

6973. That is a *précis* of the information?—Yes.

6974. That gives a popular view of it?—Yes.

6975. Have you any stock taking of the stores which are held for the purposes of public works?—They are taken stock of every year.

6976. And when a work is completed, if any stores remain, do they go back into the general store, or are they sold?—According to the merits of the case. Generally speaking, or very often, stores obtained for any particular work are utterly useless for any other purpose, because they will not bear the carriage. For instance, take surplus stones or bricks for a bridge in some remote locality, those surplus stones or bricks are of no value to anybody, not being things that will bear carriage they remain on the books as stores till used up.

6977. Suppose you are constructing a work, such as a bridge in which iron enters a great deal into its construction, that will need paint to protect it, and if you have too much paint, what do you do with it?—That paint would not be charged to the works in the first instance, only so much as was used would be charged; the balance would remain as stores. I may add that no stores could be sold without the authority of the Government of the province directly obtained; that forms the auditor's voucher for the transaction.

6978. Mr. *Birley.*] In regard to the Ganges Canal, what is the area of irrigation; how far does the irrigation extend ordinarily laterally on each bank?—I think a width of about five or six miles on the banks of each channel; but then there are a great many channels and branches.

6979. Taking it altogether?—The whole of the Doab between the Ganges and the Jumna is under the influence of the canal.

6980. To what extent?—It varies from 70 to 80 miles in width.

6981. Do you recollect the length of the canal?—The canal, with its branches, is about 900 miles long.

6982. I want to ask you about the mode of irrigation; I understood you to say that the level of the water was ordinarily below the level of the land, but the water is not raised as in Egypt, is it?—No; but the canal runs with considerable velocity, and has a fall of only about 15 inches in the mile, while the country has a considerably greater fall, so that at the end of every third or fourth mile the water comes to the surface of the country, and is then taken off by a branch

branch channel for irrigation, and the rest goes over a weir to a lower level.

6983. At what speed does it flow?—About two and a half miles an hour.

6984. Is there any complaint of the irregularity of the irrigation, or of the excess of the irrigation; are crops spoiled sometimes from that cause?—The danger is rather that they should take too much water.

6985. But the cultivators have no control; that is done by a Government officer, is it not?—It is done by a very subordinate officer; a man who actually lets the water out is a very subordinate functionary.

6986. Is that a serious abuse?—It is not a serious abuse, but cases of that kind may occur.

6987. And is the action pretty regular; that is to say, can the cultivator tolerably well depend upon his supply of water?—I believe so. I believe on the whole the thing works very satisfactorily.

6988. Mr. *Haviland-Burke.*] As to the purchase of these canals, have they been bought by what you may call private contract, or have the Government exercised any arbitrary power of purchase?—The whole of those canals were constructed by the Government, in the first instance, except the one in Orissa.

6989. In that case what was the action of the Government that you are aware by what means private undertakings are purchased by the Government in this country; what would be the course in India?—I think that the company found when they had spent all their money and were getting no return for it, they came to the Government and asked the Government to relieve them.

6990. Can you tell me if the case had been otherwise, had it been a profitable undertaking, and had the Government desired to do it for purposes of the State, what course could they have adopted to acquire this canal?—They would have had to offer a very high premium, no doubt, to obtain it.

6991. Would there be any compulsory powers, as there are in this country, for their taking a private undertaking?—I forget what the exact terms of the contract were with that company; I do not think that the Government had the right of purchase.

6992. The information which I want to get at is, what is the course adopted by the Government in India when they desire to obtain possession of a private undertaking. Here, you know, they apply to Parliament, and there is a Committee appointed, and it comes to be heard on both sides; what is the course in India?—There a correspondence takes place between the Government and the representatives of the company. But that is the only case which has occurred, the only case, that is, of an independent joint stock company establishing irrigation works in India, and of which the Government have acquired possession.

6993. If there were another company, and the Government desired to purchase the property of that company, they would have power to do so, I suppose?—In the absence of any specification or Act of Parliament to the contrary, I presume so.

6994. Mr. *J. B. Smith.*] As to this Ganges Canal, has there not been some difference of opinion as to the proper formation of the canal?—There has been a good deal of controversy about it.

6995. And do not some parties contend that that canal, if it were properly constructed, would be capable of producing a larger quantity of water?—I have heard that said.

Lieut. Col. *G. Chesney*, R.E.

13 June 1871.

6996. This Ganges Canal, you say, has only been profitable since what time?—I think it was in the year 1860 that it first began to be so; it was about six years after the first opening.

6997. And do your know how long it was in course of construction?—It was commenced in the year 1845, and, I think, was then suspended during the Sikh War; the actual active operations commenced in about 1848, and it took about six years to construct.

6998. Then there has been a loss of interest upon that capital during all that period?—It was an unusually short period, considering the enormous extent of the work.

6999. But now it yields 7½ per cent. upon the capital invested?—Yes.

7000. Has there been any famine in the district since that canal has been opened?—There have been two cases of very severe drought which would have resulted in a famine, but for the canal.

7001. And, supposing that there had been a famine, then the Government would have lost a considerable sum in rents, would they not?—Unquestionably.

7002. And in revenue in all ways?—Of course, famine cannot occur without affecting trade in every way.

7003. Then, in addition, all those lands which are in the neighbourhood of the canal will sell at a higher rate, will they not, from which the Government derive no benefit?—The Government derive no benefit from the price of land there.

7004. Therefore, in estimating the value of the canal, ought not those things to be taken into account?—Unquestionably; the fact is that the value of the canal it is almost impossible to estimate, any more than you can estimate the value of law and order, or of a good climate, or any of those things.

7005. The canals in Madras have been remarkably profitable, have they not?—Exceedingly.

7006. They have yielded a very large return?—Yes.

7007. And in addition to that, the price of land has been very much raised, and the Government have been able to get much higher prices for their land?—I do not think that there has been much sale of land by Government, but they have raised their assessments.

7008. The rent of land has risen, I mean?—Unquestionably.

7009. Then there have been no famines there?—Not in the irrigated districts; they have completely prevented the possibility of famine.

7010. Has not the revenue generally, in the Rajmundry districts very much increased?—Very much.

7011. And that is all owing to the irrigation?—No, I am not prepared to say that; but it is very largely owing to it.

7012. Have not those revenues very much increased since the irrigation?—Yes; but then the prosperity of the country has very much increased in other parts of India as well, simultaneously.

7013. Then the sums invested in canals and irrigation in Madras have not only been beneficial to the Government in giving a large return upon

Lieut. Col. *G. Chesney*, R.E.

13 June 1871.

the outlay, but they have been advantageous also in returning a larger revenue in every respect?—I think it may be inferred that the larger revenue was in great measure due to that, and also to the fact that the people are able to buy more largely, and are richer.

7014. Do you happen to know what the returns are from the Rajahmundry canals?—It is not possible to say accurately, because the original cost of those works cannot be stated.

7015. Are you at all aware whether they do not range from 6 per cent. to 120 per cent. per annum?—I am satisfied that they do not go as high as 120 per cent., what the exact per-centage is I am not able to say, because the original accounts when those works were first commenced were not kept in a form which admits of the capital being distinctly separated.

7016. Have you seen any returns made to Parliament of those extraordinary profits?—Yes, and I am satisfied that those returns are not accurate.

7017. They are made by the India Government, are they not?—They were made by the authorities of Madras; and I am able to say, from going into the accounts, that they do not possess the information there which enables them to state in the first place what has been the cost.

7018. Do not they keep accounts well?—They keep very good accounts now; but they did not 15 or 20 years ago.

7019. Sir *T. Bazley.*] I think you have stated that in some cases the water has been insufficient for irrigation from the Ganges Canal?—That is to say in seasons of drought, you could supply practically an indefinite quantity of water.

7020. And yet there is a supply which would be abundant for all purposes?—The whole of the water of the River Ganges from where the canal commenced is taken up, and the whole of the water goes down the canal so that the canal could not have been bigger.

7021. Then there is really no more water that could be appropriated?—Not in that particular part, but there are other canals which might be made, and are being now made to supplement it.

7022. In some instances it appears that the public works have not been remunerative in a pecuniary point of view?—No, not in the way of giving a dividend upon their capital.

7023. Have there not been in such instances public benefits which have more than compensated for the pecuniary loss?—Unquestionably; in the case of the Ganges Canal, for example, for it is hardly to be doubted that if the canal did not exist, the remissions of the land-revenue for 1860-61, and in the great drought which followed a few years afterwards, would alone have amounted to the capital expended.

7024. Then probably you have arrived at the conclusion that the expense incurred by the extension of public works would be a great public benefit?—If carried out with care and economy.

7025. Mr. *Lyttelton.*] Are these canals, as a rule, navigable?—Those that have been made in Upper India lately, as a rule, are all navigable. It has been found that the navigation on the canals existing and the Ganges, is so small that it has never been thought worth while to apply it to the old canals off the Jumna.

7026. The receipts from navigation tolls are under the "Miscellaneous" head, I suppose?—The receipts from tolls on the canal are under the head of "Irrigation;" that should have been stated to be for water rents, &c., instead of water rent only.

7027. What amount would that represent?—I am not able to state immediately; the return can easily be obtained.

7028. Something quite small?—Yes.

7029. And you think that there is no prospect of the navigation of the canals being developed?—No; the Ganges Canal runs, so to speak, along the side of the railway.

7030. Generally, I mean?—The experience derived so far, is extremely unfavourable to any such idea.

7031. Hitherto the canals have been constructed solely with a view to irrigation, have they not?—No; the Ganges Canal was constructed, keeping the two things in view, and a very large expenditure was incurred in making the locks, and that returns no interest.

7032. The railway runs alongside of that canal, as I understand you?—Not exactly, but it covers nearly the same ground.

7033. And on the Punjab Canal, what is the case?—On the Punjab Canal the navigation is of the most trifling character; the fact is, that in these canals there is an extreme difficulty in bringing boats back again, unless you use steam power.

7034. People are disinclined to avail themselves of that navigation?—They are.

7035. Mr. *J. B. Smith.*] Your observations do not apply to the Rajahmundry canals?—No; there the conditions are different.

7036. I think it is stated, that in the Rajahmundry canals; the number of boats have increased from 752 boats the first year to 1,500 boats at the present time?—There has been a considerable increase.

7037. Mr. *Lyttelton.*] Have you any idea what sort of amount is obtained from navigation?—In the year 1867-68, the gross revenue from navigation was 3,521 *l.* on the Ganges Canal; but against that, there was to be set the cost of the establishment of boats which belong to the Government, 1,216 *l.*; so that the profit was only about 2,300 *l.* on this service.

7038. Were there further deductions to be made for locks?—If you consider the capital cost of those locks, and the establishment kept up to work them, it would probably be found that the navigation was worked at a very considerable loss. I should explain, however, that the establishment at the locks is also available for other purposes.

7039. Mr. *Fawcett.*] You would want the locks for irrigation, would you not?—No, they are all purely additional expense due to the navigation; you might have the weirs without the locks.

7040. Mr. *Crawford*] Has the irrigation from the Ganges Canal led to any increase in the exportable produce of the districts, I mean of cotton or goods of that kind which go down to Calcutta and are thence exported?—It is not quite possible to say what has been the increase, but there has unquestionably been an increase.

7041. Is cotton grown there?—Yes.

7042. You could not have got that cotton down so conveniently to Calcutta if you had not had the railway and the canal also?—Yes; the railway always takes as much as it can carry, and the surplus goes by canal or river.

7043. *Chairman.*] Has the canal led to the growth

growth of what are called irrigated crops to any considerable extent, such as sugarcane, which requires constant irrigation?—To an enormous extent.

7044. And those employ the labour of the country through a great part of the year?—Yes.

7045. Mr. *Fawcett.*] It has not been your duty to advise the Government what public works to carry out, has it?—No; my duty was to control the accounts.

7046. Then who, for instance, is there, or is there anyone according to your knowledge on whom we could fasten the responsibility of advising the Government to guarantee 5 per cent. for a railway which does not pay its working expenses?—I do not know who the authority is who gave that advice.

7047. But is there in the Public Works Department a department of advice?—The adviser in India is the Secretary to the Government of India in the Public Works Department.

7048. Mr. *Crawford.*] Has any guarantee been given in India?—The guarantee was given in England.

7049. Therefore the responsible person must be found in the India Office here?—I presume so.

7050. Mr. *Fawcett.*] Then had you nothing to do in your department in sending home information to England as to whether a guarantee should be granted to a particular railway, or whether a particular irrigation work should be carried out?—No; that was not part of my duty.

7051. Do you know whether there has been any department whose duty it was to send home those recommendations?—If recommendations go from India, they would go from the office of the Secretary of the Government.

7052. But I understand you that the responsibility of granting these railway guarantees and carrying out other public works is with the India Office in London?—It rests with the Secretary of State for India in Council.

Friday, 16*th June* 1871.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Bourke.
Mr. Candlish.
Mr. Cave.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Mr. Haviland-Burke.
Sir Wilfrid Lawson.
Mr. Lyttelton.
Mr. M'Clure.
Mr. J. B. Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. HENRY STEWART REID, called in; and Examined.

Mr. *Reid.* 16 June 1871.

7053. *Chairman.*] WILL you be good enough to state what office you hold in India?—I hold at present the office of Junior Member of the Board of Revenue in the North Western Provinces.

7054. And have you been for some years in the Revenue Department?—I entered it in 1847, I may say; I was in charge of the Educational Department for 12 years.

7055. Have you directed your attention to the Despatch of the Secretary of State of July 1862, with reference to the introduction of a permanent settlement in the North Western Provinces?—Yes.

7056. Can you state whether anything was done on the receipt of that Despatch to carry out the scheme of a permanent settlement?—I do not think that any definite orders were contained in that Despatch. It explained the principles on which Her Majesty's Government were prepared to sanction a permanent settlement, and it was directed that reports should be called for from the local governments; but there was no express order in that Despatch directing that a permanent settlement should be made.

7057. Do you know what was done to carry out those views?—Settlement officers were prepared to take up the question of assessment with reference to a permanent settlement, and it was enjoined on them to be exceedingly careful, and they were told that their responsibilities were increased by this order; but it was merely then spoken of as a prospect.

7058. But were they invited to express any opinion as to the convenience, propriety, or practicability of introducing that permanent settlement?—The opinions of the members of the Board of Revenue and selected officers were called for, I know. I was not then in the Revenue Department.

7059. Have you since had occasion to examine those, so as to be able to tell the Committee what is the general result of them?—A number of the revenue officers were in favour of a permanent settlement, and others opposed it; but the weight of opinion was in favour of the permanent settlement then.

7060. Were any further instructions communicated on the subject?—No not until the Despatch of the 24th of March 1865, in which definite instructions were laid down, and the Secretary of State expressed the readiness of Her Majesty's Government to sanction an immediate assessment in perpetuity.

7061. Mr. *J. B. Smith.*] What Secretary of State was that?—Sir Charles Wood.

7062. *Chairman.*] Do you know what was done upon that?—Before anything could be carried out, that is, completed, in India, the Despatch of 1866 (Lord de Grey's) came out, and there a fresh condition was introduced, as it were. The condition under the Despatch of March 1865 was that 80 per cent. of the culturable area should be cultivated: all estates in which 80 per cent. of the culturable area were cultivated were supposed to be fit for permanent settlement.

7063. After the Despatch of Lord de Grey, were any practicable steps taken to carry it out?—That Despatch introduced a fresh condition, namely, that the permanent assessment should not be extended to districts, the assets of which would on the extension of canal irrigation exceed by 20 per cent. the existing assets.

7064. Do you mean by assets, the revenue received?—The whole rent-roll; that is, the whole rental taken by the landowner. If you will allow me, I will read you the words of Lord de Grey's Despatch: "Under paragraph 18 of Sir Charles Wood's Despatch of the 24th of March, No. 11, 1865, no estate of which the actual cultivation amounts to less than 80 per cent. of the culturable or mal-goozaree area is admissible to a settlement in perpetuity. In like manner, a rule might be laid down that no permanent settlement should be concluded for any estate the assets of which would, when canal-irrigation shall have been carried to the full extent at present contemplated, exceed, in the opinion of the officers of the Settlement

tlement and Irrigation Departments, the existing assets in a proportion exceeding 20 per cent."

7065. Then by the term "assets," as there used, what do you understand?—The rental assets.

7066. By "rental assets" do you mean the whole sum that the owner of the property would derive from the land, including the land revenue that he would derive from the land including the land revenue that he would pay, or only his own share?—Including the land revenue. For instance, the rental assets would be, say, 2,000 *l.*; then 1,000 *l.* would be paid as the Government demand, but it would be included within the rental assets.

7067. Were any steps taken on the receipt of that Despatch to carry out the system of permanent settlement?—Yes; fresh orders were issued by the Local Government, through the Board of Revenue, and settlement officers were again warned that the assessment must now be made with very great care, and that Government must be in no way compromised. In the settlement engagement (which is taken from the landowners) the words, "for 30 years or for ever, as the Government may determine," were inserted in lieu of the words, "in perpetuity." That was to guard Government from being compromised in any way.

7068. By which you understand that it was still left open to the Government to stand upon the 30 years' settlement, or at any future time to make it permanent?—Yes; and besides, no settlement is considered final until it has been sanctioned by Government, and no settlements have been sanctioned by Government except one or two.

7069. Were any further instructions issued by the Secretary of State?—Yes, by Sir Stafford Northcote, in a Despatch of the 23rd of March 1867, in which the second rule, regarding the extension of canal irrigation was modified as follows:—"No permanent settlement shall be concluded for any estate to which canal irrigation is, in the opinion of the Governor General in Council, likely to be extended within the next 20 years, and the existing assets of which would thereby be increased in the proportion of 20 per cent." The term of 20 years was introduced into that order.

7070. Instead of applying it merely to those at present liable to canal irrigation, it was extended to all estates that might be supposed to be subject to irrigation within 20 years?—Yes.

7071. Did you not state, that under these various instructions a permanent settlement had only been actually made in two or three cases?—I believe that it has not been made in any cases at all except under the form of that engagement which allows the Government the option of deciding whether it shall be for ever or for 30 years; that is the engagement which is now taken.

7072. But under the provisions of that engagement the Government have not yet decided that any of those settlements shall be permanent?—No; the current of feeling is now quite the other way in India. It is so, I believe, with the Government of the North West.

7073. When you speak of the current of feeling, do you mean that the deliberate judgment of the officers administering the revenue has changed on the subject?—I think so.

7074. What is their present view, then?—Their present view is that, by the adoption of a permanent settlement you would sacrifice a very large amount of prospective revenue. For instance, the revised assessments will yield probably an increase of 450,000 *l.*

7075. That is the revision that is now going on?—The revision that is now going on, assessing, as we are, at 50 per cent. instead of 66 per cent. If the assessment had been sanctioned in perpetuity on existing assets, we should have lost this 450,000 *l.* a year.

7076. Are we to attribute this increase, notwithstanding that you have lowered the rate of assessment to the improved condition of the agriculture, or to the increase of prices?—In the first place, I think in many districts to increase of cultivation, and also to extension of canal irrigation; and lastly, to rise in rent caused by rise in the prices of agricultural produce.

7077. Then do you not ascribe the increase to any great improvement in the cultivation that was previously existing?—No; except that irrigation is in itself so great an improvement in India; it is both manure and irrigation, you may say.

7078. But you do not attribute it to other modes of improvement; what would be called improved agriculture, for instance?—No, I think not.

7079. So that, in point of fact, whatever increase has arisen does not appear, according to you, to have arisen from any efforts made by persons in possession of the soil, but from circumstances independent of them?—Where there are small holdings, of course the cultivation is very careful; but there has been no improved system of agriculture introduced, that I am aware of.

7080. Was it not careful at the time of the previous settlement, or is the increased charge upon the holder due to his improved care?—I cannot say with reference to former cultivation; but the cultivation now is very careful indeed, in garden land especially.

7081. Then has this change of opinion led to the reconsideration of the question by the Government of the North Western Provinces?—The Government of the North West, in reviewing the revised assessment of Boolundshuhur, one of the districts of the Meerut division, found that although the assessment had been made fairly at the time when it was made, that is to say, that the Government demand represented a moiety of the rental assets of the day, within the five or six years which had elapsed since the settlement, the rentals of certain villages had increased by 30, 40, and even 50 per cent.. The Lieutenant Governor reported the case to the Government of India, pointing out that rise in rent must be considered as a most important element in discussing the propriety of permanent settlement.

7082. What was that supposed increase, to which you have now referred, ascertained or conceived to be due to?—It was partly due to the fact that when a revision of settlement is pending, the landowners are rather backward to raise their rent; and as soon as the settlement is concluded and they feel that they are safe, they enhance the rents on the tenants. A certain amount, of course, was due to that. Then again the prices of agricultural produce have risen considerably; there is a much larger demand, and they can export much more largely than they did before.

7083. Amongst the reasons for an increase of assets you have mentioned, you did not say anything of improved communications by railway and otherwise; do you consider that that has contributed to the increased assets of the land?—Decidedly; in districts where formerly there was

Mr. Reid.

16 June 1871.

was difficulty of communication, grain was selling at mere nominal rates.

7084. Was it the case in the North Western Provinces, that the grain in good seasons was sometimes eaten off the land by the cattle, because it was not worth cutting?—I have never heard that.

7085. But the price of it was almost nominal, you say?—In Jubbulpore, which is now out, but formerly was in the North-West, the price of grain was at one time down to about four maunds a rupee, that is to say 320 lbs. for a rupee.

7086. When it was entirely without communication?—When communications were very difficult.

7087. What is now considered, or what would you consider the ordinary price of grain at Jubbulpore?—I could only hazard a guess; about 50 or 60 lbs. in place of 320 lbs.; there is that difference I should think.

7088. But Jubbulpore was an extreme case, I suppose?—I mention it as a very extreme case, and a great number of years ago.

7089. Can you give the Committee now generally what is conceived by the revenue officers of the North Western Provinces to be the just view of the advantages or disadvantages of the permanent settlement?—I think that the general view, is that the advantages are purely theoretical. I think in the Despatch the advantages were enumerated as being the increased contentment and loyalty of the people, and the encouragement afforded to laying out capital. Under the rules that were laid down in the Despatch of 1865, a permanent settlement would be made at higher rates than a temporary settlement; for instance, if the settlement was made for 30 years, it would be made at a moiety of the rental assets, that is to say, if the rental of a village was 1,000 *l.*, the Government demand would be 500 *l.*; but if it was made in perpetuity, it would be 600 *l.* in place of 500 *l.* No landowner in India would care to pay for 30 years 600 rupees, or 600 *l.* a year in place of 500 *l.* And then again, he does not look forward 30 years; he thinks that at the end of 30 years the change may be for his advantage; he would rather not be tied down for ever.

7090. You think that he would like to have the matter reopened in case there should be any change adverse to him?—Rather, in case there should be any change favourable to him.

7091. Change of circumstances adverse to him; and therefore change of revenue demand more favourable to him?—Yes.

7092. Is it your opinion that in the treatment of his property as to what is called the improvement by expenditure of money, he would not be influenced by any consideration of whether the settlement was for 30 years or in perpetuity?—No, I do not think he would. He fully believes that under the temporary settlement at the end of 30 years he will be settled with again.

7093. You think that the less rent would be an equal inducement to him during the 30 years to spend money as paying the higher rent would be?—The higher rent of course furnishes more inducement to a man to improve his land, but independently of that it would hold out no further inducement with reference to the idea of a perpetual tenure.

7094. You rather adopt the view that high rents make good farmers?—I think they do up to a certain point, till the rent is crushing; I found that the case in Assam, the revenue-rates were normal, and there was no farming at all.

7095. The people were so indolent you mean?—Yes; by cultivating a few acres they could satisfy the Government demand.

7096. And has the effect of increasing the demand been to increase their industry?—They were talking of laying on a much higher assessment; I was there merely for a few weeks.

7097. Have you anything further to say as regards your opinion with reference to the advantages of the 30 years' settlement?—Of course there is that great advantage that you revise the accounts, as it were, at the end of the 30 years, and Government participate in the additional profits arising from increased cultivation or increased irrigation, or a rise in the price of agricultural produce and of rents.

7098. Are you able to state to the Committee whether in the principle of a revision the officers are entitled to take into account improvements that result from the increase of capital in farming, and from increased skill, or whether they are bound only to regard the prices and the natural condition of soil, and the facilities for irrigation?—The assessment is made generally upon the existing rental assets of the village; the assets may have been increased at the expense and by the labour of the landowner. In that case the settlement officer will very likely make some allowance; for instance, if the landowner had such a large amount of capital in making masonry wells, and had done so just before the settlement was commenced, the settlement officer would assess that land at a sum very little above unirrigated rates; he would allow him the benefit of his expenditure of capital.

7099. When you say, if he had lately made that expenditure, do you mean within the period of the former settlement, or within a very recent period?—If he did it so long ago that he had recouped the original cost by additional profits, then I do not think it would be taken into account.

7100. But you think that if it was an improvement from capital not resulting from natural causes, if he had not been recouped he could not be assessed on it as against him?—He would not be assessed at full irrigated rates, and if the improvements were very recent, the assessment would be very little above unirrigated rates.

7101. But supposing that the person, by highly manuring his farm, or by improved processes of agriculture, had increased the gross produce, would the additional rental derived from that be the subject of assessment as part of the assets, or would that be thrown out of the account?—If the person who improved the land were the tenant, the Government would take from the landlord half the rent, but if he were a landlord they would not assess at rates much higher than the rates for land of a similar quality in the adjoining villages.

7102. You mean that if they were dealing with the holding purely as a question of revenue, they would assess the land according to its quality as compared with the qualities of adjacent lands?—Yes.

7103. They would not take into account the fact that he got more by farming his land better than his neighbour?—No; not if he had not himself received the profit in the shape of additional rent. If the manuring was done by the tenant, and the tenant was paying, say 10 rupees an acre, when other land of the same kind was only

paying

paying eight, Government would take the half of 10, and not the half of eight.

7104. Then, according to your view, if the landlord improved the land for his tenant, instead of the tenant doing it, the assessment would not be increased in that case, whereas if the tenant did it, it would be increased?—The assessment would be increased if the tenant were at the trouble and expense, and paid a higher rent.

7105. Can you explain upon what principles of right that is done; how do you reconcile it with the system of taxation of the land; that if the landlord should improve the land and employ a tenant to cultivate it, the assessment should be one way, and that if the tenant should do it, the assessment should be another way?—The assessment is made upon actual rental, and in the case where the tenant has improved the land, he may be paying a higher rent. When the landlord has himself improved the land, and himself cultivates it, the rent would be calculated at the average of the rent rates of land of similar quality in the vicinity; so that he would in that case, you may say, escape additional assessment. If the landlord had improved the land and let it to a tenant at a higher rent, the Government demand would be calculated as the higher rent; I missed the words "for his tenants," in the preceding question.

7106. Supposing two pieces of land in the same immediate neighbourhood of precisely the same natural quality, and in the same natural conditions, and that in the one case the land yielded a higher rent to the owner than in the other, would you take half the higher rent in the one case as you would in the other?—May I explain it in detail? In Oude the assessments are made almost entirely on what are called conventional soils. There are three zones of cultivation; one immediately surrounding the village, an intermediate zone, and an outlying zone. Originally the lands in the intermediate zone, and the zone immediately surrounding the village, were of the same quality; but the lands immediately adjoining the village site have been largely manured and irrigated, and the soil has been improved; the rent rates of that zone are perhaps double those of the intermediate zone, and we should take double as the Government demand from the land.

7107. In my question I asked you about land under the same natural conditions, and those two zones are not under the same natural conditions. I wanted to ask this: Supposing that two holdings existed in the same zone; the one by reason of its being very highly cultivated, yielding a large return, and the other cultivated in a very low way, and yielding a smaller rent, would you take half the rent of the highly cultivated plot, and half the rent of the inferior cultivated plot, as the measure of assessment?—The assessment of the Government demand would be based on the rental; if the rental were double in one case the Government demand would be double.

7108. Have you heard, either directly or through the officers of Government, that there is any feeling expressed by the native holders in favour of a permanent settlement, or is their feeling generally in favour of the 30 years' settlement?—I think that they are rather indifferent to it in the abstract, and they certainly would prefer a more lenient settlement for a term of years than a higher assessment in perpetuity.

7109. Do you speak of that as the generally expressed opinion, or is that your idea of the thing?—I never discussed that opinion with our settlement officers; but I believe that that is their opinion.

7110. I meant to ask whether you had opportunity of discussing it with the native holders of intelligence so as to know what their view would be?—It has been regarded as being so entirely in abeyance for the present, that it is not a subject that I have taken up very much in my intercourse with the natives.

7111. Sir *C. Wingfield.*] With reference to the question just now put to you about manures, do you believe that, in practice, a settlement officer ever considers the question of the application of manures to the soil, and made any allowance on that particular ground that the soil had been manured?—Only in this way, that the manured land bears always a higher rent rate and a higher revenue rate.

7112. I perfectly understand that he has looked at the quality of the ground, as that quality had been produced by manuring, but he never made a man any allowance or deduction because he had recently spent money in manure?—No.

7113. And in fact no artificial manures are used in India; the manure that a man puts on his field is just the droppings of the cattle that he collects?—Yes; and sometimes they do collect manure.

7114. But there is no artificial manure used, such as guano?—No.

7115. And you recollect, no doubt, that there was a principle of assessment laid down by the late Mr. Thomason that it could never be reduced to a mere matter of arithmetical calculation?—Yes.

7116. And is not that the principle that guides settlement officers now very much?—Certainly.

7117. And although you look at the rental which the tenant pays to the landlord for the land, still you do not implicitly follow that; you also form your own idea of what the proper rental of the land is?—I do not think that we often go above 50 per cent., but we often go below it.

7118. Every settlement officer has rent rates on different soils to guide him?—Yes.

7119. And he applies his rent rates to the rental as derived from the landlord's returns, and he sometimes is led to the conclusion that the rental as shown in the landlord's returns may not be the proper rental to apply to the land?—In that case he would correct the landlord's rent roll by what are called the Pergunnah rates, that is, the average rent rates ruling in the neighbourhood.

7120. In how many districts is the settlement of the North West Provinces completed?—The settlements may be said to be entirely concluded in seven districts; although they have not received the sanction of Government, the real assessment is concluded; they are very nearly concluded in three, and they are in progress in 15.

7121. Sir William Muir, the Lieutenant Governor of the North West Provinces, was, a few years ago, a great advocate for the permanent settlement, was he not?—Yes, he was.

7122. And I think he wrote a Minute on the subject in favour of it?—Yes.

7123. Can you tell me whether he retains that opinion now?—I believe not, as he has referred the question of the propriety of a permanent settlement to the Government of India, with reference to the facts elicited by the inquiry into the adequacy of the Boolundshuhur assessment.

Mr. *Reid.*

16 June 1871.

7124. Those facts have caused him to modify his opinion, and to the best of your belief, at the present time he is opposed to a permanent settlement?—I think he is.

7125. And from what you have told us, I fancy we may infer that the Government, as yet, is in no way pledged to sanction the settlement in perpetuity in any district?—Not that I am aware of; they are protected by the form of settlement engagement which was issued in 1867.

7126. You seem to think that the landholders do not attach much value to a permanent settlement; does that remark refer rather to the small landholders, or would you include the large landholders in it also?—I should include them all.

7127. But have you not in conversation with the large landholders, heard any wish for a permanent settlement expressed?—No; I have not discussed the subject much with them.

7128. When you were in Oude, did the taloekdars never express their wish for a permanent settlement to you?—No, not even there; I cannot recall to mind any expression of the kind.

7129. You never sought opinion on the subject in Oude?—It was not mooted at all then in Oude.

7130. You said that this increase of rent which has been so noticeable in one district of the North West Provinces was not owing to improved agriculture?—No.

7131. By that I fancy you mean not owing to any improved system of agriculture; but may it not have been owing to more valuable crops being raised than formerly used to be raised?—Where canal irrigation extends, there is, of course, a greater breadth, for instance, of sugar-cane cultivation.

7132. And has not the sugar-cane cultivation increased greatly in the last 20 years?—Very largely indeed.

7133. So that it would be a more correct way to put your answer thus: that the style and system of farming has not altered, but that better and more valuable crops are raised?—That might be included in the reference I made to irrigation.

7134. Rents in the North West Provinces are generally paid in money, are they not; I mean they are paid in money more than in kind?—Yes.

7135. And is it not the case that corn rents are decreasing, and money rents are superseding corn rents, even in those districts where corn rents still prevail?—Yes, it is the interest of the tenant now to have the corn rent commuted into a money rent.

7136. In fact, was there not an Act passed in the North West Provinces some few years ago, respecting the commutation of corn rents into money rents?—No, but the Board of Revenue have submitted a draft Rent Bill to the Local Government.

7137. That was part of the measure, was it not?—Yes.

7138. A good industrious tenant would prefer a money rent, would he not?—Yes.

7139. And wherever you find the rents in kind, it is generally the case that the cultivation is of an inferior kind, is it not?—Yes; in the famine that was particularly remarkable; the land that paid money rent was irrigated when the land that paid a grain rent was left dry.

7140. Should you say that the practice of settlement officers was to take no account of the expenditure of the proprietors in wells that have been constructed many years ago, wells of old date?—Just so.

7141. Only in the case where a man had made a well within three or four years, would an allowance be made on that account?—Yes.

7142. Are you aware that one marked effect of the permanent settlement in Bengal, is that the parties with whom it was made have created permanent under-tenures at a fixed rent, thereby divesting themselves of all prospective benefit from increased rental?—Yes; and the law has done the same in the North West Provinces in the Benares Division.

7143. Which is under a permanent settlement?—Yes, the law I allude to, is Act 10 of 1859.

7144. Those results that have been observed in Bengal are equally observed in the Benares Province, are they not?—They are observed, but not to the same extent; there is not the same minute subdivision of tenure there that there is in Bengal.

7145. Therefore, one effect is, that the benefit of a permanent settlement may very soon be lost to the parties with whom the permanent settlement is made, and other parties not in the contemplation of the Government may step in and reap the great advantages of the permanent settlement?—Yes, in the form of under-tenures absorbing the profits; but in temporarily settled estates the remedy is in the hand of the land owner, to some extent; he can turn a man out before he acquires a right of occupancy.

7146. I am not speaking of tenant rights of occupancy acquired by prescriptive occupation, but of those under-tenures created, in which the landowner has alienated his interests. The parties with whom the permanent settlement was made are therefore not by any means always those who reap the benefits, but other parties not in the mind of the Government at the time of the settlement may be real gainers by it?—I think such cases would be comparatively rare.

7147. You have heard that they are very frequent in Bengal?—The subdivision there is very minute.

7148. And the first holders of the under tenures have permanently leased their tenures to other parties, who again have leased them; sometimes there are two or three links in the chain of middlemen. You have heard that perhaps?—Yes, I know that they have minute subdivisions.

7149. *Chairman.*] Under the law, if a person who pays revenue to Government wishes to make a grant at a fixed rate in perpetuity to a third party, that grant would still be subject to the right of the Government to revise the settlement under which the revenue payer held at the time?—Quite so; the Government rate would not be affected in any way whatever.

7150. Mr. *Birley.*] Are the North West Provinces thoroughly surveyed?—There are three kinds of survey; there is the survey of the whole of India of the Topographical Society; then there is the Revenue Survey; that also is a scientific survey; and then there is a survey made by native surveyors for assessment purposes, under the supervision of the settlement officers.

7151. You do not remember perhaps upon what scale?—The common scale is 2 native chains, of 55 yards to 1 inch.

7152. That is on a very large scale, so that the different

different holdings are clearly and distinctly laid down, I suppose?—Every single field.

7153. That is, I suppose, every distinct patch of cultivation, because the fields, I fancy, are sometimes very large?—The rice patches are often not larger than the space inclosed by these tables, and they are down.

7154. Then, as regards the assessment, that is made in the first instance from a return from the zemindars or other holders, I suppose?—The zemindar gives in his rent roll.

7155. And that is checked by the surveyor, or by some officer appointed by Government?—In the first instance, the village is very carefully measured, and opposite the entry for each field the quality of the soil and irrigation, or non-irrigation is put down, and the rent rates are ascertained from inquiry in the village, and the neighbouring villages of the rent rates paid for different kinds of soil and for land in certain positions; those near the village paying more than the outlying lands. Then the landholder is called upon to give in his rent roll. His rent roll is corrected by a reference to these rates, which have been ascertained by the settlement officer to exist either in that village or in neighbouring villages, looking to the quality of the land, and the circumstances of the village too, of course.

7156. And, as far as you know, the assessments are acquiesced in, as being just and equitable, are they?—In some cases, where there has been a rise in the Government demand, although the Government demand may be very moderate, the landowner does not look so much at the moderation of the demand, as make a comparison between the old land revenue and the present.

7157. I am not asking whether there are individual or even numerous instances of complaint, but the justice of the action of the Government in the matter is admitted in the main, and there is no general complaint of oppression?—Not at all.

7158. The mode of assessment is not a matter of complaint in the province?—No.

7159. Is there much uncultivated land that ought to be cultivated in the North West Provinces?—In some districts hardly any; in others, like Gorruckpore and Bustee, there is still a considerable amount of uncultivated area.

7160. Is that coming under cultivation?—Yes, rapidly; in fact the revised settlement for Gorruckpore and Bustee, has risen from 200,000 *l.* to 280,000 *l.*

7161. Has any large increase of traffic by railway or river, or by the road, occurred of late years?—By river there is an increased traffic. For instance, in the famine year very large supplies were sent down from districts which did not suffer.

7162. Supplies of grain you mean, wheat and rice?—Yes, chiefly.

7163. You said that the sugar-cane cultivation had largely increased of late years; is that a great article of export, or is it chiefly consumed in the large cities of the North West Provinces?—It is an article I may say sent to neighbouring marts chiefly, and from thence it is exported elsewhere.

7164. You spoke of this as the permanent settlement, and I think it is generally called the permanent settlement of the North West Provinces; but as a matter of fact, it is usually a 30 years' settlement, is it not?—We have no real permanent settlement yet, except in the Benares Division; and these despatches to which I have referred, contemplate the introduction of a permanent settlement into the districts at present temporarily settled.

7165. But that has not been carried out?—It has not been carried out.

7166. Nor is it likely, I apprehend now, to be carried out from the feeling of the officers in the province?—I think that there is a very strong feeling against the propriety of a permanent settlement.

7167. You told us that when a settlement had been made, it was not binding till it had received final sanction from Government; is it the fact that settlements are made and acted upon for a series of years that are not held by the courts of law as being conclusive against the Government, though assumed to be so by the proprietors or occupiers?—The assessments are made, not for a whole district of course at once, but for certain portions of a district called pergunnahs; three or four, perhaps, may be assessed at the same time, and the revised assessment declared is provisionally sanctioned by the Board of Revenue. When the whole district has come under assessment, report is made to Government and final sanction is accorded. I do not think that the courts of law would hold that the engagement was binding before that final sanction.

7168. As I understand you now, there does not seem to be any objection to that; it is simply a provisional arrangement for a number of years?—It is a provisional sanction till the final sanction of the Government is accorded.

7169. Is it usually limited to five or six years?—It ought not to be beyond six or seven years at the outside.

7170. I presume that it very rarely is?—Very rarely. There are causes that sometimes retard the final completion of the settlement.

7171. Mr. *Beach.*] Irrigation works have been more exclusively conducted in the North West Provinces than in any other part of India, have they not?—I do not know with regard to Madras; certainly more so than in the Punjab or Bengal.

7172. Upwards of two and-a-half millions has been laid out in irrigation works there, I think?—I cannot remember the exact expenditure; I know that there has been a very large expenditure.

7173. In the famine year that proved of the greatest advantage to the country, did it not?—Yes.

7174. And there was a great disposition on the part of the inhabitants to use every exertion to avail themselves of the advantages afforded by the Government, was there not?—Yes.

7175. Do you think that there is an inclination to believe that those works had been more extensively conducted in provinces where the permanent settlement does not exist?—We have no canals in the North West Provinces in permanently settled districts.

7176. And do you think that people might be prejudiced against a permanent settlement, from the belief that the Government then would not be inclined to undertake such extensive works?—Government would look to a return from the water rate; but owing to the position of the permanently settled districts (they all lie down close to Benares) there are no facilities there for the construction of canals.

7177. But in other parts of India, irrigation works might be of great use I suppose, as in the

Mr. Reid. 16 June 1871.

North West Provinces?—I do not think that the question of a permanent or temporary settlement would affect the action of Goverment in the matter, or that the people would take that fact into consideration.

7178. Mr. *Fawcett.*] What proportion of the land in the North West Provinces is under permanent settlement?—The area of the land under permanent settlement is 10,973 square miles.

7179. And all that has been placed under permanent settlement in consequence of the Despatch of 1862, which was sent out by Sir Charles Wood, has it?—No, this has been permanently settled for a long time; it is an old permanent settlement, and has nothing to do with the present revision.

7180. Then are we to understand that as yet no result whatever has been produced in consequence of this Despatch of Sir Charles Wood's?—I believe that no result has been produced.

7181. Then the Despatch has not operated at all; it has simply become a dead letter?—The Despatch has been modified twice since, first by Lord de Grey, and then by Sir Stafford Northcote, and the final sanction rests I imagine, with Her Majesty's Government at home. Everything is being prepared and made ready for a permanent settlement.

7182. Therefore the thing is in this position, that if for instance a Secretary of State should happen to take office who is in favour of the permanent settlement, there is nothing whatever to prevent him from bringing a considerable proportion of the land in the North-West at once under a permanent settlement, is there?—The districts, of which the assessments that have been made under the orders of Government, with a view to either a temporary or permanent settlement, could of course, at once be brought, under the orders of the Secretary of State, under a perpetual settlement.

7183. And you think that the Secretary of State would have power to do that, and might do it, although it may be contrary to the policy of the Governor General and contrary to the opinion of those who are engaged in the assessment?—I do not know the extent of the powers of the Secretary of State in that matter.

7184. You would rather not express an opinion on that point?—It is rather a matter of fact perhaps than of opinion; I do not know what the powers of the Secretary of State are.

7185. That is your impression, that there is a great amount of land now ready for permanent settlement which may at once be brought under permanent settlement if the Secretary of State for India should think it desirable to do so?—I believe so; under the settlement engagement in which the words are recorded that the settlement "shall be for 30 years or for ever, as the Government may determine."

7186. But then do you think, as this Despatch was written in 1862, and the despatches of Sir Stafford Northcote and Lord de Grey were five years afterwards, that any land has been placed under a permanent settlement in that interval of five years?—The Despatch of 1862 did not direct that a permanent settlement should be made; it merely expressed the readiness of Her Majesty's Government to sanction a permanent settlement under certain conditions, and reports were called for.

7187. But as the policy of a permanent settlement was recognised in 1862, and that policy was not altered as I understand for five years, do you think that the people who brought themselves under the conditions of 1862 think that they have at any rate an equitable claim to have a permanent settlement made with them?—I think that very few have engaged for a permanent settlement, the form of engagement is "for 30 years, or for ever, as the Government may determine;" and in the circular of the Board of Revenue issuing that form, it was directed that this form should be substituted for the previous form, so that probably if any engagements had been taken in perpetuity they were cancelled, and the revised form substituted in their place. I am speaking of what I imagine has been done.

7188. I understood, perfectly, that no one after the revised order was issued, which stated that the Government reserved to itself the right either to have a 30 years' settlement, or a permanent settlement, could have any moral or equitable claim to a permanent settlement; but the thing is different, is it not, with regard to anything done previous to the time when that order was issued?—I think that very little was done; I am not aware how much, and I think that the people themselves do not care for this permanent settlement.

7189. Do you think that there is land fit for permanent settlement in the North-West?—A very large number of estates already fulfil the two conditions.

7190. I suppose you agree with those who lay down a most broad and fundamental distinction between revenue obtained from the land, and revenue obtained from any other source with regard to the incidence of it upon the people, and the feelings of the people?—Yes.

7191. You would define in fact land revenue as rent?—As a moiety, the Government proportion, of the rent.

7191.* And you define rent as the appropriation of a natural monopoly which, if it was not appropriated by the Government, who can administer it for the good of the people, would be appropriated by a class who might devote it entirely to their own advantage?—The native Government appropriated the whole of it.

7192. But that indicates, does it not, the difference between revenue derived from the land, and revenue derived from any other source?—Yes; I do not look upon it as a tax.

7193. Therefore, if for instance the Government, having now the proprietary right in the land, permanently settle any land, what they virtually do is this: they give away a portion of national property which belongs to the whole nation, and should be used for the whole nation, to a class, do they not?—Yes; they give away the property of the State, and, I suppose, you may say of the people.

7194. For instance, the result of the permanent settlement in Bengal has been this, that we have sacrificed about three-fourths of the revenue that we might otherwise obtain from the land, and in consequence of that sacrifice, which has not benefited the general body of the cultivators, we have been obliged to impose taxation which appears to be onerous and vexatious?—Yes; and of course the same effect would follow if we alienated this 450,000 *l.* increase which we get on the revised assessment of which I spoke.

7195. Is there not in your mind a very strong reason, a stronger reason than ever existed before, against

against the permanent settlement, from what has taken place during the last few years in India, with regard to the depreciation of money or the general rise in prices?—So far, of course, as the rise in prices affects rents it has aggravated the evil.

7196. For instance, if prices rise, we will say are doubled, then if the land revenue is permanently fixed, the Government, independently of any change in the agricultural circumstances of the country virtually loses half its property, owing to the permanent settlement, does it not?—It loses its right to claim the additional profits at the end of the term of the settlement.

7197. In fact if prices are doubled the Government could, merely from that circumstance, double its land revenue, if it were not permanently settled, without placing the proprietors or the persons under them in one jot more unfavourable a condition?—The land revenue would not be doubled because the rent does not rise in anything like the same proportion. The Government do not look to the price of agricultural produce, but to the rent, and the rent we find does not increase in anything like the same ratio as the value of agricultural produce.

7198. But if the rent increased 50 per cent. in consequence of a rise of prices of 100 per cent., the Government then could very considerably raise their land revenue without taking really more from the cultivator?—Yes; certainly.

7199. And you have remarked that that depreciation in the value of money has gone on in India during the last few years, has it not; I define depreciation of money by a rise in general prices; that is only a different way of expressing the same thing; that has gone on to a marked extent during the last few years, has it not?—Yes; you may say since the mutiny.

7200. I suppose we are to draw the conclusion from your evidence that you are very decidedly opposed to the extension of the permanent settlement?—Yes, I am very strongly opposed to it.

7201. And as a practical measure for preventing its possible extension, would you not recommend that something definite should be done to reverse the policy contained in the Despatch of Sir Charles Wood, of 1862?—Of course, from what I have stated, my opinion must be that it would be better that the orders regarding the introduction of a permanent settlement were cancelled.

7202. So as absolutely to prevent the permanent settlement being extended in any way?—Yes; I think that the permanent settlement is an evil.

7203. And that cancelment would have to be done, in your opinion, by the Secretary of State for India in Council issuing an order to cancel; would it not?—The orders for the introduction of the permanent settlement of the North West emanated from the Secretary of State, and I suppose that they could only be cancelled by him.

7204. From your knowledge of the opinions of land revenue officers, I think you stated that at the present time there is almost an unanimous opinion amongst those gentlemen who administer the land revenue in opposition to a permanent settlement?—I think so.

7205. And probably one reason why people who were in favour of the permanent settlement, some years ago, have now become so very strongly opposed to it, is due to the fact that I previously alluded to, that the depreciation in the value of money has brought home to them the fact that the Government must inevitably lose by a permanent settlement?—Yes, certainly.

7206. That you think has strengthened the opposition to it?—Yes; as shown by the reference made by the Lieutenant Governor to the Government of India; the reference was based entirely, I believe, on the rise of rental consequent on the rise of prices and extended cultivation.

7207. Do you know from your knowledge, or can you direct your attention to any opinions that have been expressed in favour of the permanent settlement lately by any high authority, anyone now resident in India?—No, I do not know any eminent advocate for the permanent settlement at the present day in India.

7208. In fact you know a great number of officials and persons connected with the administration of the land revenue strongly opposed to the permanent settlement, and you cannot quote anyone of mark who is in favour of the principle now in India?—I cannot recall any at present; I think, at any rate, they must be very few.

7209. Therefore we may draw the conclusion that an order issued by the Secretary of State for India to cancel the despatch in favour of the permanent settlement would meet with almost unanimous approval from the officials in India?—I think it would be generally approved as they generally disapprove of permanent settlements.

7210. And would not be unwelcome even to the people who would be immediately affected by it?—No; I do not think that they would care much for it either way; I know that they would rather not pay an enhanced Government demand for a term of years, which they would have to pay if there were a permanent settlement.

7211. We are also distinctly to understand, I think, that there is altogether a different feeling in the people of India in paying land revenue from that which they have in paying any other kind of taxation?—Yes; I think that any other kind of taxation is much more distasteful to them; and it is comparatively novel.

7212. And, therefore, it may very seriously affect the loyalty of the Indian people towards our rule, and their contentment with it, if, there being a sacrifice, for instance, of four millions of land revenue, it is necessary, in consequence of that sacrifice, either to increase the tax or duty on some article of general consumption, such as salt, or to levy some tax which is looked upon as vexatious, like the income tax?—I think it would be most dangerous.

7213. Mr. *J. B. Smith.*] Then, do you think that the feeling in India is now that the claims of the Government upon the land are for the benefit of the whole people of India, and that in proportion as Government expenses may be increased by the depreciation of money, in the like proportion the rents of their land may increase, so that the one may compensate for the other?—Yes, after the expiry of the term of settlement.

7214. Do you think that that is the existing feeling of the people of India?—They recognise the entire right of Government to claim a large portion of the rental; they do not dispute the right; it never enters into their minds to dispute it.

7215. Because that has always been the custom, has it not?—Yes; as I said, the native governments used to take almost the whole rent.

7216. And there never was such a thing as a permanent settlement heard of till the time of

Mr. *Reid.*

16 June 1871.

Lord Cornwallis?—No; the arrangements were made generally from year to year; certainly they were in Oude under the late native government.

7217. But the settlements formerly used to be made from year to year, and in some cases the rental was calculated upon the crop, was it not, under our Government 20 years ago?—I do not remember that, but the settlement in the North-West was made on rental.

7218. What is the principle upon which this assessment is made. Supposing that you begin to assess a district, and in the course of two or three years, before it is completed, there is a very great increase in the price of produce, and also of rents, is your assessment in that portion which remains unassessed increased in proportion to the advance in the price of produce and rents?—It would be open, I think, to the settlement officer to revise the settlement of the parts of the district which had been assessed in a case like that.

7219. Then in a case like that he would revise the assessment on the whole?—He might revise the assessment, I think, on the whole. A case occurred the other day in which it was supposed that the assessment had been made at too low rates, and if that had been proved to be the case the assessment would have been modified.

7220. And they do that on the ground that the assessments are not binding upon the Government until they have been sanctioned by the Government?—No; but at the same time the Government would be very backward in revising the assessment; they would rather suffer a loss, I think, unless it were a very large one.

7221. I think you stated that railways and irrigation works increase very much the value of the land?—Yes.

7222. Now supposing that a railway was projected through a certain district, and that this railway was not made in the district at the time of the assessment, but that there was a probability of its being made within a year or so, how would that affect the assessment?—The assessment officer is expressly told not to look at prospective profits; he would assess upon the existing rental.

7223. Even if the railway was to come about in the next year he would be bound to assess upon the existing rental?—I consider that he would be bound to assess on the existing rental; I may add that even in the case of the permanent settlement the orders were that prospective profits were not to be taken into account.

7224. Mr. *Birley.*] You excepted irrigation, did you not?—If there was a probability of irrigation there would be no permanent settlement allowed.

7225. Mr. *J. B. Smith.*] But then in cases of irrigation you charge a water rent too?—The Government would look to its profits from a water rate. That is what complicates considerably the question of the permanent settlement.

7226. *Chairman.*] I understand you that the actual value of the land quite independent of the water rate, would also be considerably enhanced if irrigation was brought to it?—Yes.

7227. Therefore there would be a double increase, one the increase of assets, resulting from the improved positions of the land by reason of the water, and the other the rate received for the water used on it?—Yes; the two would be taken up separately.

7228. But both would arise in almost every case, would they not?—Where canal irrigation was extended, if it was extended within the period for which the Government had entered into a contract, as it were, with the landowner, the Government could not profit by the extension.

7229. The landholder would profit by the improvement of his land, and the Government would only receive the water rent in that case?—Yes.

7230. But, as a general rule, there would be a considerable enhancement in the value of the land, quite apart from the water rent, by reason of the land coming in under the supply of water, which formerly had been dry land?—Yes; and that matter was the subject of a correspondence between the Government Irrigation Department and the Board of Revenue.

7231. Mr. *J. B. Smith.*] Is the rent of the land the only element in the estimate of the value of it; is there nothing in the quality; and do they not examine the quality of the land?—Yes; but, as a rule, the quality governs the rent rate. All those elements are taken into consideration in making out the rent roll.

7232. And not the rents solely?—We look to the rents, but not to the rents alone. For instance, if we think that the rent is inadequate, and higher rent rates are paid for land of the same quality in the neighbourhood, we should not look merely to the absolute rents paid for those particular fields.

7233. Mr. *Lyttelton.*] Does the settlement officer place implicit confidence in the statement of rental as returned by the landlord or the village head-man?—No; he receives them with very great caution.

7234. False returns are often made?—Some settlement officers place very little faith on them, and others attach more credit to them, but no settlement officer could think of accepting them without careful scrutiny and examination, and comparing them with the rent rates ascertained by inquiry to exist in other parts of the district.

7235. I think you said, in answer to Sir Charles Wingfield, that the settlement officer never assessed anyone over 60 per cent.?—He has no right to assess over 50 per cent. The Government now take a moiety, instead of two-thirds as they did before, and in very few cases is more than 50 per cent. taken, and in some cases where there are large cultivating communities, and there is a very minute subdivision of land, they are obliged to lower the rate below 50 per cent. In some of the districts there are very large cultivating communities of this kind, and the average area which each proprietor holds is not above four acres, and on that he has got to maintain himself and his family.

7236. *Chairman.*] After his remuneration as actual cultivator, there is less surplus obtainable as rent?—Yes; and in those cases we make a reduction.

7237. Mr. *Lyttelton.*] At the end of a term of settlement is it the case that the landlord allows the cultivation to deteriorate, with a view to imposing upon the officer?—Yes; certainly that is one of the devices which they adopt; but our settlement officers are picked men, and men having now considerable settlement experience. I do not think that any device of that kind would answer with them.

7238. Is it found that collusive lowering of rents ever takes place between landlord and tenant?—Yes; but then that would be corrected by reference to the rent rates paid for similar land in the neighbourhood. More favourable rents are given, for instance, to a Brahmin cultivator.

vator. The settlement officer would tell the landlord that he had no right to be generous at the Government expense, and he would assess the land as though it were held by an ordinary cultivator.

7239. What appeal is there from the settlement officer?—In certain matters the appeal lies to the revenue authorities, and in others to the civil court.

7240. Are there many appeals?—There are a great number of appeals in regard to the rents fixed by the settlement officer, but there are not many complaints of over assessment.

7241. Is it your opinion on the whole that the assessment is as high as it can be?—It is as high as it can be, and higher in fact in certain cases, because reductions have to be made under certain circumstances; but where a large extent of country is held by a single owner, of course the 50 per cent. is not a severe assessment. I do not think that it would be politic to raise the per centage.

7242. Mr. *Grant Duff.*] Have you ever heard the Government blamed for making an improvident bargain with the cultivators, that is to say, for charging too little?—Well, there is one school, I know, which asserts that the settlements are far too light, notably in the Central Provinces.

7243. Who are the chief representatives of that school?—I believe the chief exponent of those views is the "Indian Economist;" that is the paper in which those views are largely ventilated.

7244. And at what point would they put the assessment in the North Western Provinces?—That I cannot tell you; I look upon their strictures as so much froth, and do not pay much attention to them.

7245. And you yourself are satisfied that we have hit about the right point; that the assessment is neither too light nor too heavy in the North Western Provinces; you think that the Government, on the whole, acts fairly by itself and by the cultivator?—Yes; I think they act fairly, certainly by the people, and also fairly by themselves, although Mr. Colvin, by whom the per centage of the Government demand was reduced from 66 to 50, was blamed for having done so. The question was brought forward with reference to the settlement of Boolundshuhur by a Member of the Government of India the other day.

7246. But now the prevalent opinion is that we have hit, in the North Western Provinces pretty much the right point?—I think so.

7247. Mr. *J. B. Smith.*] What comparison will our assessments bear with those of the native governments?—The native governments were supposed to take pretty nearly the whole rental. In Oude, for instance, under the native government, the whole rental was taken, and then an allowance was made, called a subsistence allowance. In the permanent settlement we were supposed to take nine-tenths or ten-elevenths; we are now taking one-half.

7248. *Chairman.*] Do you think that the native governments were very exact in ascertaining what the real income of the property was?—No; of course the whole calculation was a very rough one indeed; and no minute inquiry was made, such as we make now.

7249. Sir *Charles Wingfield.*] And was not there also this consideration on the other side, that if a landholder was very powerful and had a good fort, he would not pay it if they asked too much?—Yes; I was speaking with reference to the thing theoretically.

The Rev. JOHN WILSON, D.D., called in; and Examined.

7250. *Chairman.*] YOU have resided for many years in India?—Yes, it is upwards of 42 years since I became connected with India, and I have only been once at home before this time.

7251. I believe you have, during a considerable part of that period, mixed very much with the native communities where you have been?—Yes, I have had occasion to mix very much indeed with them, both in the North Western Provinces, forming the whole of the Bombay Presidency, and the native states connected with Bombay and Scinde, and in fact in all the north-west of India.

7252. Have you also had good opportunities of observing their habits and manners?—Yes; and I have studied them as developed in the Hindu literature, while for the last 10 years I have been engaged in writing a work on the Hindu castes, embracing a description of the different tribes of the country.

7253. When you were in India was your attention directed to the cultivation or the consumption of opium?—Yes my attention was directed to it. I have visited Central India where the opium works go on, and have been acquainted, too, with the fields that are here and there devoted to opium in the native states.

7254. That is on the western side of India?—Yes; I have passed through the districts on the eastern side merely as a casual visitor. I am acquainted with the system pursued in both places.

7255. Can you give the Committee your views as to the cultivation of opium?—Yes, I have formed definite views on the subject.

7256. Would you be kind enough to express them to the Committee?—When I passed through Rajputana, particularly looking at the opium fields, and more especially, when I came into Central India, I became very much afraid of the fate of the cereals. You are aware, that in Rajputana there is great uncertainty about the rains; they are very partial during some seasons, and sometimes they are very limited indeed. And while in the west of Rajputana, owing to the works of Colonel Hall and Colonel Dixson, there is provision made for irrigation, which leads to the cultivation of a good many fields, yet in regard to the supply of cereals the provinces of Rajputana are altogether uncertain. Now, it so happens, that the provinces of Malwa, which are contiguous to it, have all their best fields occupied with opium; I became therefore very much afraid of the consequences of any famine in the matter of obtaining the supplies that might be needful; and my fears were very much realised in connection with the late famine that took place in Rajputana.

7257. Is it your view that the better land, with the advantage of irrigation, being dedicated to the production of opium, does not become available for the production of food?—I am not alluding to those districts where that irrigation of Colonel Hall and Colonel Dixson, to which I have referred, is carried on; but I refer to the opium

Rev. *J. Wilson*, D.D.

16 June 1871.

opium fields, and the land appropriated to them, more particularly to Central India and to Malwa. I have found this to be the case from examination of Government documents, that in the year 1856-7, there was an increase of the acreage in Central India devoted to opium. That year the amount devoted to opium was 275,784 acres, and in the next year the amount of land there devoted to opium was 289,062 acres. That increase was caused by the Government finding it necessary to bring a greater area under opium, in consequence of the fall of price they had in the Bengal districts. In 1865-66 the acreage devoted to opium in Bengal was 700,000 acres, and next year, 1866-67, it was 750,000 acres. I am not prepared to express an opinion about these districts of Patna and Ghazipore, devoted to opium, and the effect they might have upon the proper production of cereals; but I have formed a very definite opinion as to the necessity of looking to the opium area in Central India; and it is a fact that there was lately an inadequate supply of food for Rajputana, so much so, that according to the Government accounts, if I have read them correctly, 1,200,000 people died of famine and the diseases induced by it. Now, in ordinary circumstances, the Province of Malwa might have supplied the people of Rajputana with cereals.

7258. Do you think that the land dedicated to opium, if employed in producing food, would have been sufficient to have saved those who died of famine?—To a very great extent. It is by far the most valuable land in the province.

7259. Would it be capable of growing rice?—No, not rice, to any extent.

7259.* But all kinds of grain food except rice?—Yes, certainly.

7260. Do you think that any special influence is produced upon the population by being engaged in this cultivation, or are they in other respects as well off as people engaged in the ordinary cultivation of the soil?—I have noticed since I went to India that there is a great increase in the use of opium amongst certain classes of the natives. It is used very largely by Mahometans, and I think I understand how they have fallen into its use comparatively to a greater extent than the other natives of India. According to the Mahometan religion, the use of wine and spirits is forbidden, and hence Mahometans betake themselves to opium. And I am the more confirmed in this opinion by the fact that the word for opium is an Arabic word, and that it was in the districts of Turkey that opium cultivation was first developed. Then, again, the Rajput princes and nobles, and their dependants and associates now also use opium to a very considerable extent, and to a most injurious extent. I have known some of the nobles and chiefs kill themselves by eating opium. A short time ago I observed one of them lifted into a railway carriage in a silver chair, quite unable to move himself into it, or understand anything. When I saw him as a young man, I found him a very intelligent person; while in these circumstances I found him quite stupid, with his faculties nearly extinguished. Then, again, there are some of the labouring classes addicted to using opium, particularly to quiet their children when they are away engaged in work. On the whole, I have no hesitation in saying that the increased use of opium has been considerable during the two score years and more that I have been connected with India, and that it is on the increase.

7261. Do you find that the cultivation of the opium leads to any special consumption of it on the part of those engaged in the cultivation?—No; I did not find them specially addicted to it. There are patches of opium in the native States generally contiguous to the villages where the natives raise opium; and frequently the higher classes of the natives, the landholders, or nobles, have fallen into a copious use of it.

7262. Do you find that the cultivators engaged in producing the opium are better off in their circumstances, and more prosperous, than those engaged in other branches of cultivation?—I do not think that is the case. I have noticed very great progress in the well-being of the Mahratta and Gujerat cultivators under the British Government. Their clothing is better than when I first noticed them; their food is better; their utensils are more valuable; and they appear to me altogether to have made very great advances. But in the native States you are aware that the opium fields are chiefly under Holkar and some of the chiefs near Ratlam; and although I do not place the prosperity of those districts on a level with Gujerat, I do not know that they are in more favourable circumstances from cultivating opium; the middlemen are in better circumstances than others, but not the cultivators. I am not able to suggest the reason of the case, though I know the advantages which our own subjects have, compared with those which the native subjects have.

7263. Did you see anything of the condition of the cultivators in the Bengal Provinces where the opium is cultivated?—Yes; the peasantry there are decidedly worse clothed, and appear not so active as those in the Mahratta districts.

7264. But, compared with the other peasantry in the same provinces, engaged in other branches of agriculture, did you notice any difference in them?—No; I do not think there is any particular difference between them; I do not know much about them. In fact, I do not wish to be considered as a particular observer of those districts. I cannot speak of them with the same confidence as I can of those districts with which I am most familiar.

7265. Where have you chiefly observed the consumption of opium amongst the people of India?—I have observed it in the city of Bombay, which is now the largest, next to London, in the British Empire, in the Province of Gujerat, particularly the Kattywar district, and in Kutch and Scinde.

7266. Is the consumption there of the opium in a solid condition?—No; in those districts they use it in a liquid form called Kosumba. The manipulation of it is peculiar; they add something to the lump opium, and then pound it in a mortar; and they generally use it by pouring it upon the palm of the hand, and asking you to take it out of their hand. I ought to have mentioned one class of people addicted to the use of opium which I consider rather dangerous, and that is the devotees. I have frequently been asked by them to take opium in this liquid form, when I have been travelling. It might have been mentioned in reference to the country I have passed through, that I have gone to the jungles east of Mount Abu and moved among the Hill tribes and other tribes between Gujerat and Khandesh. I have also been in the jungles of the Northern Concan and elsewhere among the wild tribes. I did not observe in them any considerable use of opium, but they

they seem addicted very much to the use of spirits.

7267. Mr. *J. B. Smith.*] Do a great many of them smoke?—They smoke, and there is no divorcing them from their smoking. They said they could not live without tobacco. "You have told us many very good things," they would say, "but this objecting to tobacco is one bad thing, and we cannot give up our tobacco."

7268. Do they smoke opium mixed with tobacco?—No; they cannot afford to purchase it.

7269. Do they in the other districts use it in that way?—No; they only use it in the lump or liquid state.

7270. *Chairman.*] Do you think that the consumption of opium is of a character that may be called excessive by individuals?—Many of them use it to an excessive degree.

7271. Has it the effect of disqualifying them for the ordinary duties of life?—Yes; and I am sure it has injured the administration of the native chiefs, and has often stupified them.

7272. Passing from the highest class of natives to the trading class, do they consume it much in your opinion?—I do not think I could lay the use of opium to the charge of the trading class to any considerable extent.

7273. Do the working people, the agricultural population, consume it to an extent injurious to their health?—Some of them do; some of the artizans, too, who travel about use it to a very considerable extent.

7274. Have you directed your attention at all to the regulations of the Government respecting the sale and consumption of opium?—Yes; in regard to that matter, I should wish very much the Bombay system applied throughout India as long as the opium business continues. I have frequently found the natives bringing up our dealing in opium as adverse to the character of the Government; and I believe that it presents the British Government in a bad position to the natives, while if it were left to be merely dealt with by an excise as is the case with regard to the opium produced in Central India, the Government would not have that responsibility before the people, which in their conversations they always use to the injury of the Government.

7275. Have you considered at all how far that arrangement would be convenient for the collection of the revenue in the British territory?—Yes, I have thought of this; I have no doubt that the Government could divest itself, to some extent, of its responsibilities by giving licenses to persons to cultivate opium; but it would be needful, in order to prevent the spread of the evil, that Government should limit the area of opium cultivation.

7276. Have you considered at all the laws relating to the retail of opium in any parts of India?—I am aware that licenses are required for the sale of opium. I may mention in connection with this that there are other substances of an intoxicating kind which are used, particularly bhang, which are exceedingly injurious; and that, generally, the persons who deal in the one article deal in the other.

7277. Have you considered at all how far the present system of regulating the retail of these articles is desirable?—I think that both in regard to them, and in regard to spirits, the opinion of the newly formed municipal bodies, and the councils of the villages should be taken.

7278. In what way, and to what extent?—I think that before licenses are granted by Government in particular districts and villages, the opinion of the municipal bodies which have been formed, and the principal people of the villages should be taken. I think that giving indiscriminate licenses, and in some instances establishing monopolies, is a great temptation to the increase of the use of opium and of drunkenness. I have noticed some of the tribes going down to absolute destruction in connection with that matter.

7279. You would restrain the power exercised by the magistrate by the opinion of the inhabitants or the municipal body?—Yes. In regard to all the public officials of Government, I have seen only benevolence exhibited by them in connection with the jungle tribes. There is a universal desire to elevate them, and much has been done in their favour, but this one thing of their drunkenness still exists. I have here a report of one of the tribes which I happened to describe in a paper given many years ago to the Asiatic Society, the tribe of the Waralis, in the Concan. Mr. Boswell, C.S., says, "The attention of the Government has been, on several occasions, called to the condition of the Warlee tribe as being addicted to violent crimes and specially degraded, and withal so little used to intercourse with European officials as to run away when such approach their villages. In consequence of this, the Government have called for a report on the moral and social state of these people and the best measures to improve them. * * * * At the time of the wedding, the caste people assemble and feast for four or five days at the expense of the parents of the parties married. During this time, men and women and children drink freely; all get drunk together and leap and shout and fall on the ground, and no shame attaches to them; most of the Warlees are enslaved for life by the expense thus incurred." I have lately got an establishment for the education of some of these people, and this is a photograph of one of them that was induced, with great difficulty, to come to Bombay to be photographed (*handing the photograph to the Committee*).

7280. Have you any suggestions to make with reference to the laws regulating the trade in spirits and opium?—With regard to spirits, I think that there should be an increase of the excise duty; I think it may be trebled even without any injury to the revenue or to the people, nay, very much to the benefit of the people; and I think that great care should be taken in giving licenses. I may mention, also, that there are some of the native chiefs who are permitting distillation in their districts, who, according to the customs in use in these districts have no title to do that; and I think that this ought to be looked after.

7281. Have you seen any instances of a general prevalence of excessive drinking in any parts of India?—Yes. I have had my attention directed very particularly to that, and from the proof sheets of my book on caste now before me, I could show exactly how the use of spirits has prevailed in India from very early times. In the Vedic hymns there are numerous references to the Soma juice, and the intoxicating liquor produced from it, which was most exhilarating, as it said in the Vedas, to men and to the Gods, and was very copiously used; and I have no doubt, although of late years there has been an increase in the intemperance of India, that it is a very old disease of the country. And I can show what the legislation of the Hindus, in reference

Rev. *J. Wilson*, D.D.

16 June 1871.

to the matter was, from their sacred books. In the Yajur Veda and the Black Yajur Veda, there are references to different parties that were tied to stakes in connection with the ceremonial of human sacrifice called Purusha Medha, known to our Orientalists, and among the persons tied up to these stakes, I find the distiller mentioned. Then again, in the epic of the Ramayana, when all the classes of the inhabitants go out to meet Ram coming back to his capital to take possession of the throne, he is met by a number of professional people of different kinds, and amongst these there is Shaundika the distiller. Then, on coming down to the times of Buddhism, I find that they laid down very strong injunctions against the use of spirits. In an analysis which I have made of the Buddhist morality, from their books, I have said, "intoxication is held (by the Buddhists) to be the greatest of all sins, as it leads to the perpetration of all other kinds of sins. The use of liquids and solids leading to it is forbidden, though this precept must be little regarded by the Buddhist-Chinese opium eaters. The anti-intoxicating laws of Buddhism, may be a reason of the resistance of the Chinese Government to the opium trade." And with regard to that matter, I may add that two days ago a translation of a pamphlet by a Chinese came into my hands, and I found a sentence in it, which I will read. This pamphlet is a most horrid pamphlet intended to excite the Chinese people against the Christian nations, and it is so bad that I am sure no gentleman here ever perused anything equal to it.

7282. Sir *W. Lawson.*] Is that the work we have heard of as the work of "A man most distressed in heart"?—Yes; the title of it is "A Death-blow to Corrupt Doctrines;" but in reference to opium this passage occurs in it: "Opium is produced in the West; its smell is fragrant and its taste very delicious, and when first taken it will cure disease. There are none of the foreigners who eat it themselves, but they beguile the Chinese to pay enormous prices for it and eat it. After a time it emaciates the body and wastes the springs of life, until the whole man becomes a wreck, so that many die from the effects." That is in connection with Buddhism. With regard to the Brahmins the Hindu legislation of the law books is very precise. The drinkers of spirits and sellers of these liquids are condemned, but the reason of the intensity of the legislation as directed against the Brahmins is mentioned in a passage that I shall refer to. According to Menu, the drinking of spirits is the first sin, after the murder of a Brahmin, that is specified; and afterwards, in another part of the same legislator's work, it is said the reason of the severity of the estimate formed of the vice is this: "A drunk Brahmin may fall into something impure, or may, when intoxicated, make a Vedic utterance, or perform some unlawful act." That is the reason stated for peculiar caution in regard to him. In regard to the other castes, even some of the Shudras, there was permission given to them to drink, even though this was always reckoned a vice. In "Lord Valentia's Travels" it is mentioned by him that at Poonah, under a Brahmin Raj, about 1804, he found drunk, people lying at the corner of every street; and no doubt there was a great deal of drunkenness in the country before our influence began to be felt in it.

7283. *Chairman.*] Do you think that the amount of drunkenness has increased?—Undoubtedly it has increased.

7284. Do you think that the consumption of drink has also increased, without going to the extent of producing drunkenness?—I should not say that all who use spirituous liquors become drunkards, even among the natives.

7284*. My question is whether the consumption generally, or the use of spirituous liquors, and these articles, bhang and opium, has become more generally diffused without going to the extent of excessive indulgence?—Yes, and it is so to an extent that is sufficient to arouse the consideration of Government.

7285. Do you find that it has extended in particular castes or classes of the community, or is it in all classes?—The dealers in spirits are principally Parsees in Bombay and the neighbourhood, and along the coast of the northern Concan. I do not think that they are peculiarly addicted to intemperance as a community.

7286. But as to the consumers, to what class does your remark chiefly apply?—In regard to them, I think that the lower orders are those whose drunkenness appears most conspicuous. As a matter of fact, I have seen in the houses of native chiefs, the evil of the practice of the copious use of spirits and opium.

7287. But amongst the lower classes, do you think it runs in particular tribes or classes?—I think that the labourers, not so much those that do skilled labour, but the men that are employed in jobbing labour, are very much addicted to it.

7288. Do you propose that the consumption of all these commodities should be suppressed altogether, or that it should be modified in the way you have suggested, by calling in the opinions of the principal inhabitants of the community?—I do not think that it would be practicable to put it down altogether, and it would be a vain attempt for the Government to make. The question is, how to restrict the license system; there are certainly, as I said before, too many licenses given.

7289. Mr. *Cave.*] You stated, did you not, that to raise the duty would be the first thing that you would do?—Yes; that would be one of the measures.

7290. We have heard that the duty could not be raised to any extent without smuggling taking place; what is your opinion on that point?—There is smuggling at present, and there might be, no doubt, a temptation to have more smuggling if the duties were raised; but I think that by proper precautions the evil of smuggling could be avoided.

7291. But it would be very expensive, would it not, to oblige us to have a cordon of very considerable extent?—I think the authorities of the custom houses in the coast towns would be able to look after that matter without any very considerable expense to Government; I think the expense would be remedied by the greater revenue the Government would receive; there would be an increase of revenue in the first instance.

7292. That would only take place with regard to the opium that was shipped, would it not?—I do not think there is any smuggling in regard to that opium which is shipped. The patches of opium in the native villages produce a certain amount of opium which is carried by travellers from place to place in the interior, and I do not think there is any other kind of smuggling.

7293. I thought you said that it would be at the ports that the supervision would take place?—On the coast; but I am alluding to the common officials of Government connected with the revenue

revenue and the Custom House. I think that with very little increase of the number of persons so employed the evil could be remedied.

7294. Is there not smuggling before the opium comes down to the coast?—No, I do not think there is any in connection with the Malwa opium. When there was a line of native territory leading down to Damaun belonging to the Portugese, there was smuggling of the exported opium, but that has been entirely prevented, since we got the whole seaboard under our power.

7295. But is it not taken across the frontier of the native states inland?—Not for export; in fact the Chinese merchants now are acquainted with the Government opium, and I do not think they give encouragement to smuggling in India.

7296. But the consumption of opium in the country is what I mean. The duty is an excise duty upon the opium that is grown in the Malwa district?—I think my remark about the excise is more applicable to spirits than to opium; I do not think that we can raise much the excise duty on opium.

7297. Then you are only alluding to the customs duty upon opium as exported?—I was alluding more particularly to the spirits in reference to the increase of excise.

7298. Do you think that the duty upon opium can be raised to any extent?—No, I think that the tendency is for the price to fall; and I have no doubt, since the Chinese themselves are producing it, it will fall.

7299. Then you do not think that the duty could be raised upon opium?—I am not inclined to think it could.

7300. You propose to apply to the municipalities for their opinion before opium or spirits are brought into a district?—Before spirits are brought; and I think it expedient too, that they should be asked about the sale of opium and bhang.

7301. In such a case, do you imagine that the opinion of many municipalities would be against the sale of opium?—I am sure it would. I have heard the people complain of their being troubled with drunken persons in consequence of the sale of these spirits, and I am sure it would be a good deal acceptable to a great many of the villages in India if the use of spirits were entirely interdicted; but I say nothing about that.

7302. How would that public opinion be ascertained?—In all the Mahratta country the village system is something of a municipal character, and there are representatives of the villages and the cultivators; there are organised officials, and it is quite easy for the collector to ascertain their views. Government has on some occasions made references to them about different matters.

7303. They would need somebody to express their opinion?—Yes; they would be assembled at the Chandari, the place where they hold their meetings.

7304. They would wish to be kept out of temptation, is that your meaning? or that they would merely wish to prevent themselves from being troubled by drunken people, as you said just now?—Both to be kept out of temptation, and to prevent the trouble accruing from drunken people going about.

7305. With regard to the Malwa territory, you said, did you not, that you thought there was a danger of famine in consequence of so much land being cultivated with opium?—Yes; famine is to be expected principally in Rajputana, although I have often heard that even Malwa in Central India requires grain to be brought into it as a compensation for the occupation of the fields by opium.

7306. Is the land under opium cultivation more profitable than that under grain cultivation?—It is more profitable to Holkar now, because by some arrangement he participates in the advantages of opium cultivation.

7307. But does the holder of the land, the cultivator (I do not mean the labourer, but the person who gets the produce of the land), get more from the land under opium?—Yes, I think that there would be a greater produce of money received by him, although it would not affect the population geneally, or the workmen.

7308. But if a man had power over his own land, he would, for the purpose of securing a larger profit, be likely to carry on the opium cultivation, as I gather from you?—I think that almost all the land capable of growing opium in Central India is occupied by it at present.

7309. If it was more profitable to grow corn, they would grow corn, I suppose?—Yes.

7310. But it being more profitable to grow opium they grow opium?—Yes.

7311. Then the produce of land under opium being greater than the produce of land under corn, would not that enable the people to buy more corn from other places in case of scarcity?—Yes, we should think so; but the conveyance of it is very expensive, and till the railways penetrate these districts it must continue so. I believe it was found quite impracticable to bring up a sufficiency of grain to Rajputana during the late famine; and in the same way when the famine broke out in Orissa it was found very difficult to convey grain enough thither.

7312. Looking at it merely from a mercantile point of view it is better that land should grow that which produces the greatest amount of money, is it not?—No; not until such time as there is an equilibrium maintained in reference to food. I even told the Secretary of the Cotton Association that they ought to import grain in lieu of cotton. One of the merchants of Bombay during a rise in prices brought some oats to India. The people were everywhere suffering from the want of grain, owing to the demand for the cotton even, and we must look to the food of the country, as it is without the equilibrium of trade. It is not so sensitive in regard to supplies as this country is.

7313. Then you would say that the money which ought to be spent in corn is not spent in corn, and therefore it is better that the corn should be grown on the spot though less profitable?—Yes, in the meantime.

7314. Sir *C. Wingfield.*] Why do you think that a very great proportion of the area of the soil of Malwa is occupied by opium?—Just from the impression made on me in passing through the districts; I observed that the best fields were used for opium; I have mentioned that the whole acreage in 1866-67 in Malwa devoted to opium was 289,062 acres.

7315. How do you know they are acres, were they not beegahs?—I go upon a Government document; the "Statement of the Progress of India for 1866-7;" I will read the paragraph on which I found my statement: "In consequence of the authority given for the extension of opium cultivation the total quantity of land taken in Bombay (on the printed margin, 289,062 acres) exceeded that in 1865-66 by 13,278 acres; the outturn of the season was estimated at 48,500 chests of provision opium, and 3,523 chests of Abkari opium;

Rev. J. Wilson, D.D.

16 June 1871.

opium; and in Behar and Benares the area had increased from 700,000 to 750,000 acres."

7316. But that 289,000 acres is no great proportion, is it, of the soil of the countries in which opium is grown?—It is no great proportion of the geographical area, but it is a very great portion of the land that is fit for cultivation.

7317. There is a large portion of the area unculturable, you mean?—Yes.

7318. Do you think that if power were given to the municipalities they would limit the number of shops and places for producing spirits, or that they would restrict the consumption of spirits very much?—Yes; and I think they would prevent their coming into places where the native tribes, the lower tribes, are.

7319. By the municipalities do you mean every village corporate body, or do you apply it merely to the larger towns?—I would apply it to the towns and larger villages as a practical measure.

7320. But you have no municipalities in the sense in which we understand the term in many of the towns?—In the Mahratta country there is a regular organised village municipality, which has been from very early times.

7321. You applied the term only to the towns?—The reference I would principally make would be to the intelligent classes of those towns; but even when a small village objected to the establishment of a shop for opium, I think that ought to be regarded.

7322. In the villages or the towns of India generally it may be said that the upper class do not drink, and that the lower class do. By your plan you would give to one class of society power to decide that the other class should not consume spirits?—The upper classes, with the exception I have mentioned, are not so much addicted to the use of liquor as the others, but the settlement would not rest entirely with them, because the agriculturists are particularly represented in the village system, the Mahratta system.

7323. I do not know exactly what it may be there, but certainly in the upper parts of India, it is the case that all people who consume these things are the low castes, the class who are known to do the servile offices, and they have no voice or influence whatever in the village or town municipalities; they would be the consumers, and those who have to make laws for them would be the non-consumers?—Yes. I would not consult those addicted to drunkeness much on this subject; there are but few of them connected with the chandaris that we have got.

7324. Then, in fact, it comes to this, that the class who do not drink, and who look upon drinking as a sin, will have it in their power to interdict the other class from drinking who are addicted to it?—To a certain extent that would be the result, but I have no doubt that individuals of the classes that suffer from drunkenness would strike up with them.

7325. But have you not heard it said of these low caste people who have to be out at night watching the fields, doing laborious duties, particularily in the damp rainy weather, that drink is necessary for them?—I have not heard very much said on the necessity of drink.

7326. Sir *W. Lawson.*] I think you know a great number of the native languages?—Yes; and I have studied Sanscrit, which is the basis of the northern languages, and some of the other Oriental languages.

7327. You converse with the natives themselves on some of these topics in their own languages?—Yes, I do fluently converse with them in the native languages.

7328. Is the consumption of opium amongst the natives any greater in those districts where it is grown than in the districts where it is not grown?—I am not prepared to express a very decided opinion on that subject.

7329. Do you consider that the consumption of opium in India by the inhabitants is a great evil, the same as drinking here, or is it not the same evil?—Yes, the use of opium is a great evil; it is extremely injurious.

7330. It is consumed to such an extent in India that it may be called one of the national evils?—Yes, certainly, in the districts of India with which I am acquainted, it may be so called.

7331. What districts do you refer to particularly?—The Mahratta country, the Gujerat country, Rajputana, Katheawar, or the Peninsula of Gujerat, Scinde, and part of the Canarese country too.

7332. What opinion do you think the natives generally hold regarding the Government connection with the opium traffic?—I have frequently heard the natives referring to it as indicating that the Government had not proper regard to the well-being of the different oriental nations; that it was accessory to the injury of China and to the injury of India by what it did in favour of opium. I am in the way of hearing them bring forward objections to Government; but generally, I must say, that in those districts with which I am acquainted, with the exception of the opium matter, they are very much inclined to speak well of the Government and the way in which it conducts its administration.

7333. But do you imagine that if the whole traffic were carried on under excise regulations, instead of the Government being the monopolist and selling the drug itself, there would be greater temptation to the people to consume opium in India?—No, I think not. I do not think that if the Bengal Government adopted the Bombay system it would lead to a greater temptation than formerly.

7334. We had it from a very competent witness that there were three objections to throwing open the trade simply with excise restrictions. One objection was, that there would be more smuggling; the next objection was, that there would probably be more opium consumed by Indian people themselves; and the third objection was the loss of the manufacturers' profit. Do you agree with that view of the question?—No, certainly not, because I think it would be expedient for Government still to attend to the area of cultivation as it at present does in Malwa; and I do not see how there would be any increase of smuggling; under the present system there is no smuggling connected with the export of opium, that I am aware of.

7335. Do you think that there would be no increase of consumption among the people?—No; I do not see that there should, because wherever there are patches of opium fields belonging to natives that would meet the local supplies, they might be kept under surveillance. I do not see that there would be any temptation to increase smuggling.

7336. The witness whom I allude to took pretty much the same view of those two objections, but said, that the real objection was the loss of the manufacturers' profit to the Government; I suppose that would be the case?—I do not

not see how it would be the case, because the Government could regulate the duty, so as to get the same revenue from it that it gets at present, according to the demand.

7337. Then you would prefer on every ground the Bombay system to be extended over the whole of India?—Undoubtedly; it would free us from a great deal of responsibility and a great deal of trouble; I think it would be a great relief to the Government; I think it is out of its province when it devotes its energies to any single one of the products of the country.

7338. And you would have a system of selling opium under licenses?—Yes.

7339. But then, if you consider that the consumption of this opium is injurious to the people, you surely would not have the consumption of it licensed?—I look upon the licensing system associated with taxation as something like a *quasi* limitation of it. I do not think that it confers a moral right to sell the opium; it is rather *pro tanto* a restraint upon the sale. I do not think that the duty on spirits increases the responsibility of our own country for the production of spirits.

7340. If you consider it injurious to the public, would you not consider it well for it to be prohibited altogether?—I should wish all temptations removed, if that end could be obtained; but we must look to the position of matters. I do not think, for instance, that Mahommed gained anything by the absolute restriction that he put on wine and spirits; and I think that the use of opium is to a great extent the consequence of that restriction imposed by law.

7341. Do you think that the use of opium or of wine and spirits, or whatever the intoxicating spirit they use is, does the most public harm in India?—Some of the higher natives do not use our wine and spirits at all.

7342. Which does the most public injury to India, the opium or the spirits?—In Bombay, where our wine and spirits are sold to the sailors, who come there, there is very great injury throughout the town; but they are only sold to a very limited extent in villages and towns exterior to Bombay. In these the native arak is used.

7343. But I wanted to know your general opinion whether you thought that the opium trade or the trade in strong drink promoted most injury to the people at large in India?—I think I should not be able, without very much consideration, to balance the account between the two.

7344. Have you turned your attention to the salt tax?—Yes; I have turned my attention to the salt tax also.

7345. Have you any strong opinion on that tax?—In regard to the natives—I have never met a native in the Bombay Presidency who complained of the salt tax. At the same time, I have noticed that they use comparatively a smaller portion of salt than we do. I have attributed that partly to their using spices. For example, some of the fish that they preserve are steeped for a considerable time in tamarind juice, and by the use of spices they compensate for the want of salt to a considerable extent. But I have never heard of any complaint against the tax on salt. It is very much a capitation tax, and some of the more intelligent natives, when arguing with me against the income tax, have proposed an increase of the salt tax, while I have contended against it. I have met with friends who said that they found the natives complaining of the want of salt; but I was not satisfied that in these cases they understood exactly the idiom of the natives, because they often talk of salt, meaning by it, their own food. For instance, the Sepoys talk of getting their salt from Government, meaning their living.

7346. We have heard a good deal in England at different times as to the grievance of the salt tax; how do you suppose that that outcrying has arisen?—The tax, as far as I know, does not exceed 1 *d.* a pound at any rate; and, as a matter of fact, I have not heard the natives complain of it. I cannot recollect an instance of a native complaining of the salt tax. They give the price for the article, and they do not inquire much about it.

7347. Mr. *Birley.*] Is there any strong religious prejudice in those districts of India, with which you are well acquainted against the use of opium?—I think it was an article unknown to the ancient Hindus, and there is a strong feeling against it in certain classes of them; but the Mahommedans and the Rajputs, and the other classes that I mentioned, use it without being much put out of the way by any public sentiment.

7348. I thought you referred to the sacred books of the Hindus?—I read some passages from them, but they were about the use of spirits.

7349. It does not include opium?—No. The word itself is a foreign word, and the poppy has been introduced into India.

7350. Do you know when the poppy or the use of opium was introduced into any part of India?—I should say, speaking generally, within a century. Perhaps the Mahommedan Princes of Delhi knew of it, and used it; no doubt the doctors knew of it.

7351. But it never came into common use till within the last 100 years?—No, not to any great extent.

7352. Mr. *C. Dalrymple.*] Have you known persons of influence and importance in India, who have volunteered expressions of disapproval in regard to the relations of the Government with the opium trade?—In arguing with the natives about our religion and habits and customs, I have found them bring it up. I do not say that those who have expressed themselves so, belong to the higher classes; indeed, their own addictedness to the use of opium, would prevent their saying much against it.

7353. Mr. *Candlish.*] What is your position in the Bombay University?—When I left India I was Vice-Chancellor of the University at Bombay.

7354. You say, do you not, that there is smuggling both in opium and in spirits?—I have mentioned that I am not aware of any smuggling in connection with the export of opium since we got possession of the sea board. I have no doubt, however that balls of opium of a rude kind are taken by the natives in their packages from the native states where they have small fields devoted to it; but that is merely for local use.

7355. Then the smuggling is mainly in spirits?—Yes, in spirits. I have frequently, in the jungles, come upon stills unknown to the authorities, where I have found them distilling spirits.

7356. I rather gathered from what you said a while ago, that you are inclined to an increase of the duty on spirits?—Yes, I am certain that it would be advantageous to the Government and to the people to double or treble the duty upon spirits. A person can get drunk for an anna, at present.

7357. And do you think that the increase of price, which you suggest, would lessen the consumption?

Rev. *J. Wilson*, D.D.

16 June 1871.

sumption?—It would lessen the consumption, but still the produce for the revenue would be larger.

7358. You mean that you would recommend an increase of duty for the sake of the increase of revenue rather than because of the lessening of drunkenness?—I think it would accomplish both objects. I wish the duty increased to diminish the consumption, and also I should not object to its increasing the revenue, which I believe it would do.

7359. Do I rightly infer, too, that you would be prepared to increase the salt tax?—I am not prepared to increase it; I only mention the fact that I have not heard complaints against it. I believe that the natives would submit to an increase of it. I find some of the higher classes recommending it in order to evade income-tax.

7360. You would not recommend an increase of the salt-tax as a substitute for the income-tax, would you?—No, certainly not.

7361. You spoke of a time when opium was unknown to the Hindus; what time was that?—I think the limit of the general knowledge of it, I should fix at about a century. I have not gone very much into the history of it, but I have not found opium noticed in the literature.

7362. Whence had they first their opium?—It must have been from the Mohammedan countries to the north; as no doubt from Turkey and Arabia.

7363. Mr. *Eastwick.*] Even if the use of opium could in any way be stopped, would not the natives immediately have recourse to various other intoxicating things, such as bhang?—Yes; they would take to bhang, no doubt; but the smell of it is more disagreeable than the smell of opium, and I do not know that in their families they would have much encouragement to take bhang. I have perceived particular injury in Scinde from the bhang, where among the fishermen many have lost all their hair from the use of it.

7364. In fact it is quite as injurious as opium?—Yes. It is even mentioned as an injurious ingredient in the Parsee sacred writings. I have met notices of it in the Zend writings.

7365. You stated just now that you thought the use of opium came in about a century ago; but perhaps you will remember that some of the Emperors of Delhi used it to extinguish rivals by giving them doses of opium?—Yes; I made an exception about the emperors and the rulers of the Mohammedans.

7366. Would you not say that it had probably been introduced from Persia?—From Persia, Turkey, and Arabia, undoubtedly.

7367. You remember, of course, that when you first went out to India the prices of things were very much lower than they are now?—Yes.

7368. And at that time did you find that the natives complained less of taxation than they do now, or what is now your idea on that subject?—I do not think that the natives in the West of India complain much of taxation. The revenue settlement is very agreeable to them. And during the time of the Mutiny, I had occasion to feel the pulse of the Mahratta population with a view to report upon it; and I found that they had resisted the emissaries of the Nana by saying that they were much more comfortable under the British Government, better provided for in every respect, and able to carry on their operations in peace, and freed from a great many of the arbitrary taxes that they had before.

7369. You would attribute that amelioration of condition partly to their improved condition, and partly, I suppose, to the money that was introduced by the cotton?—Yes; there has no doubt been a great introduction of money into Western India by the cotton.

7370. And I suppose that the natives could better bear a greater taxation now than they did formerly, and even an increased taxation compared with what they have?—Yes, they could bear it; but we must keep faith with them in reference to the settlement made; in some form or other they could be reached by taxation now better than they could be reached before.

7371. Your general experience is, that they do not complain now?—Yes; that is my experience, and I am very familiar with the Mahratta peasantry.

7372. Mr. *Candlish.*] What do you consider it was that led to that increased cost of the articles produced in India?—At the time of the expedition to Persia before the Mutiny, many things in the Bombay Bazaar rose to extravagant prices, and they have since scarcely fallen.

7373. What articles?—Articles of food, and food for horses, and so on.

7374. How is it that they have not fallen; with regard to the food for horses, that would be a large temporary want?—Yes; but it continues, notwithstanding.

7375. But being a local want, in point of fact, would it lead to a rise throughout India?—I think there has been a rise in other districts; in the Central Provinces there was undoubtedly.

7376. You would not put those things in the relation of cause and effect; would you?—I think that the exportation of food from India on that occasion had a sensible effect; and then, when the Mutiny broke out, the commissariat required very extensive supplies; and when the Abyssinian War occurred they required supplies. But what the effect of these temporary demands being withdrawn may be, I cannot say distinctly.

7377. Can you say what the rise has been between 25 years ago and the present time?—The cost of keeping a horse now is more than double what it was in Bombay when I went there first; and I think that human food has risen in proportion.

7378. Double throughout India, do you mean?—I am not able, except by inference, to speak of the other portions of India.

7379. Has the wealth of the great mass of the population in the Bombay Presidency increased?—Yes, undoubtedly; they are in much more comfortable circumstances than they were, and particularly the agricultural classes.

7380. You think that increased taxation would not be increased pressure?—It has not been much felt in the Mahratta and Gujerat countries. A great many persons, in consequence of the demand for labour in Bombay connected with public works, have come into the place from the adjoining districts under the native chiefs, and their appearance on the scene has increased the demand for certain articles.

7381. Mr. *J. B. Smith.*] You have had great experience in India, and have travelled over large portions of it?—Yes.

7382. What is your opinion as to the feeling of the natives towards our Government; is it as favourable as it is towards the native Governments?—Much more favourable; I have been followed for days by natives begging me to make a representation to the effect that they wanted to be transferred to our Government.

7383. You think that arises from the feeling of the sense of security and justice under the English Government?—Yes.

7384. Sir *Charles Wingfield.*] What part of India do you refer to?—To the west; but so far as I have noticed in other portions of India, I would say, generally speaking, there is a greater confidence in our Government than in the native Governments.

7385. You attribute that mainly to the fact that there is peace in one, and not the same security in the other?—Security is one element in it, and prosperity is another element in the case, and appreciation of justice.

7386. But perhaps you are aware that before the Mutiny, before the annexation of Oude, all classes of the Oude population used to emigrate to the British territory?—Yes; but they were particular classes in Oude that made a hostile movement against us.

7387. But all classes emigrated to the British territory, rich and poor, great landowners and small, and when we annexed the country they all came back to Oude, and yet a year afterwards the whole country rich and poor was in insurrection against us?—I am not, from my own observation of that district, prepared to express an opinion on it. I could explain the matter theoretically; I think it would be quite possible to deceive masses of the people by holding out inducements to them; I think that the zemindars made promises to them, or made appeals to them as much as possible to excite them.

7388. Probably the chief motive for preferring the British rule is simply that there is order and security under it?—Security and prosperity.

7389. Mr. *Haviland-Burke.*] Do you think that you perceive in the course of your experience widely increasing attention on the part of the natives to the incidence of taxation?—Yes; young men, those who are educated particularly, are discussing the matter with much interest, and the classes that expect in some form or other to have the incidence of taxation fall upon themselves are expressing their opinions not in a very patriotic spirit, but in a keen spirit.

7390. You mentioned incidentally the subject of Abyssinia; have you heard any expression of opinion as to any portion of the taxation that might be necessary in consequence of the Abyssinian War being borne by India?—I do not think that India felt very much involved in the matter, except as a mere matter of prestige?—The Abyssinian affair was placed under the political administration of the Home Government; it was reckoned more a matter of a concern for England than for India, but it would have been very injurious to have our prestige in the East damaged.

7391. I understand you that the native population generally concurred in the policy of that war?—Yes, as far as I have noticed.

7392. And also that they had a considerable knowledge of the circumstances of that war?—They saw that England was placed at a great disadvantage in having its representatives imprisoned and mal-treated, and no doubt if relief had not been extended to them, they would have formed a very unfavourable impression both of our power and of our sympathy.

Rev. *J. Wilson*, D.D.

16 June 1871.

7393. Mr. *Grant Duff.*] Have you ever considered the financial aspect of the opium question?—Yes, I have; I have felt it to be a very serious matter; I think it a dangerous thing for the Government to be dependent on the opium trade for such a large sum as it yields. In fact, it is alarming, considering the changes that may soon occur in this matter.

7394. Supposing that we are to adopt your plan, and to have the Bombay system instead of the Bengal one introduced into Bengal, do you think that we should get as good a revenue or not?—I think that you might secure the same revenue, and prevent a great deal of the speculation and wagering that now occurs in connection with the matter; because the native merchants are constantly looking to the sales at Calcutta and regulating their prices by the results there, and the amount of speculation and of wagering is really very great.

7395. Then you agree with those who think that we should get a not much worse revenue, and a considerably steadier one by your plan?—Yes, the revenue would be steadier, and we should not be so responsible for the arrangements as we are at present.

7396. You mentioned some cases which had come within your knowledge, of native princes or large proprietors, who had suffered much from the use of opium?—Yes.

7397. But how could you directly trace their sufferings to opium; are you quite sure that there were not other causes?—I was told it by their own officials, and when in their presence I have smelt it, and I have seen them quite stupified by it. In the last visit I paid to Poonah, I observed one of the chiefs of a particular province, lifted into a carriage on the railway, in a silver chair, nearly perfectly stupified by opium, and scarcely able to recognise his friends. And I have known others injured by it to a great extent.

7398. Sir *W. Lawson.*] It has a paralysing, strong effect?—It has, when taken habitually, it both excites and paralyses.

7399. Mr. *Eastwick.*] It is possible that some of those cases may have been cases where opium was taken to relieve suffering from other diseases?—I do not know how they began.

7400. Mr. *Haviland-Burke.*] You were not in personal attendance on any of these cases?—No.

7401. To a certain extent it was hearsay?—And, ocular perception.

7402. Mr. *Beach.*] However much individuals may have suffered from the use of opium, the consumption of it has not generally increased in India has it, considering the length of time that its cultivation has existed?—It is increasing, and I have even found European ladies afraid of their ayahs giving opium to their infant children to make them sleep.

Sir HENRY LACON ANDERSON, K.C.S.I., called in; and Examined.

7403. *Chairman.*] To resume the inquiry of the Committee into the sources of the revenue, I will direct your attention to the item in the general account, for 1869-70, of stamps producing 2,379,316 *l.* for that year. Will you be good enough to explain to the Committee what is the nature of the stamp duties producing this amount?—The first item is the sale of impressed paper, which amounts to 2,148,203 *l.* The second item is the sale of adhesive stamps; it amounts to 63,890 *l.*

Sir *H. L. Anderson*, K.C.S.I.

Sir *H. L. Anderson*, K.C.S.I.

16 June 1871.

The third item is the duty on impressed documents, that is, on commercial documents which are prepared by a bank or firm cheque books, for instance, which are sent to be stamped; that amounts to 66,308 *l.* Then fines and penalties amount to 3,882 *l.*; recoveries of stamp duties from pauper suits, where the paupers gain the suits, 5,436 *l.* Then there is "Miscellaneous," which I fancy are savings in the department from vacancies and small items, making 3,709 *l.*; that makes the total of 2,379,316 *l.*

7404. Will you be good enough to state what is the nature generally of the impressed paper that was sold?—The stamps are divided into general or documentary stamps, and judicial stamps, which by law are now called court fees in order to distinguish them from the other, and I hope that hereafter they will distinguish them in the accounts, that they will appear under "Law and Justice."

7405. Have you the amount of the judicial stamps?—No, not exactly; but I believe out of the total of 2,379,316 *l.*, it is about 1,400,000 *l.*; it is the larger item of the two.

7406. Are those judicial stamps regulated by an Act relating to the administration of justice?—They are regulated now by an amending Act passed last year, Act 7 of 1870. That Act was passed to amend the former law, the 26th of 1867, which was passed by Lord Lawrence's Government with a view of increasing the judicial revenue in order to meet the increased sum which was given to the subordinate grades of the judicial administration, the native judges and their establishments; they computed that it would amount to about 300,000 *l.*; it did not, I believe, in fact amount to as much as that.

7407. Could you give us a general outline of the raising of this revenue by judicial stamps; what is the general principle upon which the judicial stamps or court fees are imposed?—What is called the initiation fee is the chief thing. When a man brings an action he cannot be heard until his plaint is upon a stamped paper of a certain value.

7408. Is that upon a per-centage of the sums sought to be recovered?—Yes.

7409. Can you state whether that has undergone any change in a recent period?—By Act 26 of 1867, which was amended by that of last year, the revenue was very much increased on initiation fees. The increase was 25 per cent. in revenue, although the suits fell off 14 per cent., and you may say 20 per cent., because they had increased always about 5 or 6 per cent. in every year; but in that particular year, when this Act came into operation, there was an absolute decrease in the number of suits of 14 per cent., and you may say 20 per cent. with what they expected it would have increased; but there was an increase of revenue of 13½ lacs, or about 25 per cent.

7410. Can you give us any idea of the rate that was imposed before 1867, and the increased rate per hundred rupees imposed then?—The Act of 1867 imposed a stamp of 10 per cent., 10 rupees per hundred, and it took nothing under one rupee. If a man brought an action for five rupees, he had to pay one rupee for the stamp; that in the revised Act is very much improved; it is now 7½ per cent., and the same rate down as low as five rupees; upon a five rupees suit, for instance, it is six annas, and upon a 10 rupees suit it is 12 annas.

7411. Then it is a uniform rate of 7½ per cent., decending down to five rupees?—Yes, and then there is a maximum of 3,000 rupees. There have been cases known in which very large sums were paid as initiation fees; I believe that there is a case in Calcutta where 8,000 *l.* was paid for a stamp.

7412. That was when there was a per-centage to an unlimited account?—Yes, and there was a Madras case, where 3,200 rupees had to be paid. Now they enacted that it shall be 300 *l.* and no more.

7413. In addition to the initiation stamp or fee, is there a system by which stamps are taken in interlocutory proceedings in the cause?—No; after a decision is given, a man may have to pay for a copy of the decree. If he sues on a bond, it must, of course, be on a duly stamped bond.

7414. Has that change been introduced by the Act of 1867, that the one fee covers the whole?—No; every Presidency had formerly its own stamp law, and in 1860 there was the first general stamp law, and then the initiatory fee covered everything.

7415. And that was a uniform law for all India?—Yes, that was uniform for all India.

7416. Do you know whether, under these laws, the stamp duty, apart from the increase of 1867, was increasing steadily?—Yes, I think it was. The litigation was increasing every year; there were more cases every year; they increased about 6 per cent., consequently there was an increased stamp revenue.

7417. That steady increase was very much deranged by the changes of 1867 and 1870, was it not?—By the change of 1867 the increase of revenues was very considerable; and then all the courts represented that they thought the charge was too great; that it was unduly repressing litigation, in fact.

7418. And we have hardly had any experience of the operations of the Act of 1870?—Hardly any; but I fancy that it is approved by everybody; it is a very admirable Act.

7419. We do not know the effect of it on the revenue yet?—There would be at first a deficiency; the calculation is, that they will lose in the first year eight lacs of rupees; they will lose more, but they calculate on an increased amount of litigation. I ought to mention that by the last Act 7, of 1870, they enhanced the stamp duty upon probates of wills, and take 2 per cent. like the English rates. That will yield three lacs. Therefore they think that five lacs will be the net loss.

7420. Will that be represented by the judicial stamps?—Yes, the court fees or the judicial stamps.

7421. Do you know what is the proporton to the contribution to this amount out of the small suits as compared with the large?—Yes, I think that one-sixth of the entire litigation of the country is on cases which only involve 10 rupees or under.

7422. Do you mean one-sixth in amount or in number?—One-sixth in number. In fact, I may say this: that it has been calculated, that out of a little upwards of 700,000 suits, less than 10,000 are for sums exceeding 100 *l.*, and that one-sixth of the whole are for sums not exceeding 10 rupees.

7423. Would you infer from these circumstances that this stamp duty is a pretty certain source of revenue?—A very certain source. You must expect that in the first year or two there would be a considerable decrease; I said about five lacs, but I think then it would recover itself

itself with the prosperity of the country, which always implies litigation.

7424. Now, with regard to the other items of stamp revenue that you have mentioned, will you explain the items of stamps not judicial?—As I said before, before 1860, each Presidency had a Stamp Act of its own, and then the Act of 1860 was slightly amended by Act 10 of 1862. That remained on till 1869, and in 1869 there was a new Act. The complaint against the old Act was that its provisions were very confused indeed, and a man hardly knew what stamp he had to pay; and also the other great difficulty was that if a document was insufficiently stamped, the only person who could impound it was the Collector. There was a great difficulty in bringing a man to justice in that way for fraudulent evasion. So, by Act 18 of 1869, every judicial officer was authorised to impound an insufficiently stamped document.

7425. Has that had the effect of rendering the use of stamps more general and according to the law?—Yes, I think so; I think that the revenue from general stamps, apart from the judicial stamps, is increasing.

7426. Can you give any general outline of what the general stamps consist of?—They are of two kinds; there is an *ad valorem* class and a fixed class. The instruments which are chargeable with *ad valorem* stamp duties are bills of exchange and promissory notes payable otherwise than on demand, and policies of insurance (I ought to mention that the stamp duty on policies of marine and fire insurance has been very much reduced by the late Act, and on life insurance entirely abolished), and customs bonds, and bottomry bonds, and mortgage deeds, and conveyances, and leases, and appraisements or valuations; these are all stamped *ad valorem*. And then there are a number of other documents, such as bills of exchange, promissory note, cheque or order, for payment on demand of an amount exceeding 20 rupees, letter of credit, bill of lading, shipping order, notarial act, and power of attorney, and each of them has a fixed duty.

7427. Are those duties generally small?—Yes; on a bill of exchange, for the payment of a sum on demand, it is a fixed sum of one anna; on a bill of lading it is four annas; on a notarial act it is two rupees; on a power of attorney to present for registration it is eight annas.

7428. What are the per-centage duties?—On a bond it is at the rate of one-half per cent., rising by certain gradations always upon the higher sum. For instance, take 25 rupees; it will be 2 annas instead of 8, and on 50 it would be 4 annas, and on 100 it would be 8 annas. Then it goes on for each hundred, with a rise of one-half per cent.

7429. That is between 100 and 200, and so forth?—Yes, that is for bonds, and double that amount for conveyances.

7430. Do you mean on sales and purchases?—Yes.

7431. Is there any stamp on the transfer of personal property, such as shares?—Yes, certainly.

7432. What is the per-centage charged on transfer of property of that kind?—Transfer of a share in a company or association, when the amount paid for such share does not exceed 100 rupees, four annas. For every 100 rupees of such amount, or part thereof, in excess of 100 rupees up to 1,000 rupees, four annas; and for every 500 rupees of the same or part thereof, in excess of 1,000 rupees, one rupee four annas.

7433. Do you know whether the revenue from the general stamps is derived in any particular proportion from the smaller as compared with the larger transactions?—It has been computed, and it is a fair estimate, that one-quarter of the general stamp revenue is derived from stamps not exceeding 8 annas in value; that is to say, from the smaller transactions.

7434. Does this stamp law now extend to every part of British India?—Yes, all India.

7435. Do you think that there is at present much evasion of it?—I think not now. I think the present stamp law is a very fair one; I mean the general stamp law. The court fees, or judicial stamps, I think were unjustly high, by the Act of 1867, but were made right by the Act of last year.

7436. Do you know whether the revenue from the general stamps has been increasing steadily?—Yes, I think so.

7437. Do you anticipate that there will be a steady increase of them?—Yes; I think as the prosperity of the country increases, the general stamp revenue will increase.

7438. There is an item of 42,893 *l.* for drawbacks, and 100,913 *l.* for the charge of collection of those stamps; do you know what that represents?—There are the various superintendents of stamps and their offices. There is one in each Presidency, and he has a considerable establishment, and there are also throughout the country stamp vendors who get a per-centage; 5 per cent., I think, on sales.

7439. Do you know whether the stamps can be easily obtained throughout the country by those who want them?—Yes; very easily.

7440. Have you any opinion as to the effect of the stamp law as tending to repress false and fraudulent documents?—Decidedly.

7441 You think that it has a beneficial effect in that way?—Certainly, beyond all doubt.

7442. Mr. *Cross.*] I think I understood you to say that there was no *ad valorem* duty on stamps or bills of exchange?—On bills of exchange and promissory notes for sums payable on demand the stamp duty is fixed; but, on a bill of exchange, payable otherwise than on demand, it is *ad valorem*.

7443. Could you give us the amount?—"When the amount of the bill or note does not exceed 100 rupees," it is 1 anna, which is about 1½ *d.*; and it is also provided that, "If drawn in set of two, for each part of the set it is 1 anna."

7444. Mr. *J. B. Smith.*] On foreign bills of exchange, what is it?—Foreign bills of exchange must have the necessary adhesive stamp or stamps affixed to them before negotiation. But I ought to mention that when the Bill was first introduced into Council, two mercantile members of the Governor General's Council objected to some of the provisions, and they were altered according to their opinions, by the Select Committee. The Bill, as amended by the Select Committee, was sent to the different Chambers of Commerce, who all approved of it, and I believe it has given satisfaction to the mercantile community.

7445. Did I rightly understand you that the tax on lawsuits amounted to 7½ per cent?—Yes, what is called the initiation fee.

7446. Is not that a heavy charge?—No, I think not; you see that the people are fond of litigation. It was 10 per cent., and has been reduced to 7½.

Sir *H. L. Anderson*, K.C.S.I.

16 June 1871.

7447. Then it tends to act as a sort of check upon litigation?—To some extent; the administration of justice is a very costly thing in India, and I think that the object of the Government has been to recoup themselves as much as possible

7448. This tax does not quite recoup them?—No.

7449. Mr. *M'Clure.*] Is that duty paid by the person bringing the suit?—Yes.

7450. When the suit is settled, what then?—If the plaintiff gains the suit the fee may be levied as costs from the defendant. I mentioned that it used not to be limited, and then enormous sums were paid sometimes, but now the law is that 300 *l.* is the maximum.

7451. Mr. *Fawcett.*] What is the stamp duty when there is an appeal?—In a plaint or memorandum of appeal, "when the amount or value of the subject-matter in dispute does not exceed five rupees," it is six annas. "When such amount or value exceeds 100 rupees, for every 10 rupees or part thereof in excess of 100 rupees," it is 12 annas, up to 1,000 rupees.

7452. *Chairman.*] Is the same scale continued then?—No, not quite the same. "When such amount or value exceeds 1,000 rupees, for every 100 rupees or part thereof in excess of 1,000 rupees up to 5,000 rupees," it is five rupees. It decreases when it gets very high. "When such amount or value exceeds 20,000 rupees, for every 1,000 rupees, or part thereof, in excess of 20,000 rupees up to 30,000 rupees, it is 20 rupees, and then the maximum is as in the other, 3,000 rupees, or 300 *l.*

7453. Is it the same in every appeal court?—Yes.

7454. Mr. *Fawcett.*] How many appeals may there be in one of these pecuniary suits?—There may be one regular and one special appeal.

7455. So that it may amount to 15 per cent. for the appeals?—It may do so, that is for original suit and appeal.

7456. Have you ever compared this taxation with the taxation that is levied in other countries; for instance, the fees in England?—No, I have not, except in the most cursory manner; the system of the law courts here is so entirely different; there is no initiation fee.

7457. What I mean is, whether the principle is adopted that justice should be made to pay for itself in India?—I think that is the object, that justice should pay for itself; it does not do so, but that is their object.

7458. So that, in considering the aggregate taxation imposed upon the Indian people, have you to make this difference in the comparison, that whereas in England justice is included in taxation to a great extent, in India it represents payment in addition to taxation?—No; I think in India, the taxation is intended to meet the charge for the administration of justice. I do not think that the Government seek to get a revenue out of it.

7459. But then it seems to me that the difference between the two is this, that the justice in England is paid for by general taxation, is it not; whereas justice in India is, as you say, paid for very nearly by the fees charged?—By the litigants; but not entirely.

7460. Then, for instance, the revenue that is levied in England amongst other things that it provides the country with, such as army and navy, provides it with justice; but in India the revenue does not provide it with justice; and that has to be provided from other sources?—That is in some degree true; but then the disbursements from a private individual's pocket are less in India. The cost of law in this country to the individual is what he pays to his solicitor.

Tuesday, 20th June 1871.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Bourke.
Mr. Candlish.
Mr. Cave.
Mr. Cross.
Mr. Beckett Denison.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Mr. Robert Fowler.
Sir Wilfrid Lawson.
Mr. Lyttelton.
Mr. M'Clure.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Sir HENRY LACON ANDERSON, K.C.S.I., re-called; and further Examined.

Sir *H. L. Anderson*, K.C.S.I.

20 June 1871.

7461. Mr. *Fawcett.*] I UNDERSTAND from the tenor of your last answer on the previous day that you consider that the Indian suitors do receive some compensation for these high fees which they have to pay, in the form of stamp duties, from the fact that the other law charges, such, for instance, as fees to solicitors and other fees, are less in India than in England?—Certainly, in the district courts.

7462. But with regard to the Presidency towns, is that the case?—There on the original side of the High Court they have the English system. A man goes to his solicitor, and I could not tell the expenses of that; it is not known to the general public; but I believe that the rate of fees to solicitors and barristers is higher there than it is in England; for instance, where you give a guinea, it is 15 rupees, a gold mohur.

7463. May I place a letter in your hand and ask you to read the part that I have underlined, and then I will ask your opinion on it. That letter is written by a very eminent barrister who has lived in Calcutta, and I will ask you whether it is correct?—"In the Presidency towns the system of legal fees is the same as it is here; that is to say, there is a scale laid down by the court which governs attorneys' charges in record business. This scale is in Calcutta decidedly higher all round than in England;" yes, I think that is true.

7464. You think that it is true that suitors not only have to pay in court these extremely high fees to the Government, but also in addition the whole cost of the lawsuit is greater in the Presidency towns than it is in England?—I think it is; but I do not think that you can say that the stamp duties are very high even in the Presidency towns. I do not think that 7½ per cent., with a maximum of 300 *l.*, is a very large charge.

7465. But I understood you to say that, for instance, if there was a suit for 100 *l.*, and if there was an appeal (which possibly there might be), independently of these law charges to attorneys and barristers, 15 *l.* out of the 100 *l.* is taken by the Government?—It may be; but the party who appeals may not be the same party who brings the original action, but it must be paid by one or the other.

7466. Then when you consider the cost of justice to the people in India, you ought, fairly, ought you not, to consider the enormous and necessary expense which they are put to if it is necessary for them to appeal to the English Court of Privy Council?—An appeal to the Privy Council can only be made when the sum in dispute is 1,000 *l.* and upwards. Those are very exceptional cases, indeed; and the only reason why they make so many appeals (they all, with very few exceptions, come from only one court, the Calcutta Court) is because the Bengalee is such an exceedingly litigious person.

7467. Still, the fact that I want to bring out is this, that notwithstanding the very heavy taxation which is imposed in India, it does not supply the people with justice, but they have to pay very high fees in addition, unusually high fees, and if they wish to obtain justice from the ultimate Supreme Court, the expense which they have to go through is enormous?—I think not enormous; I think you must draw this distinction, that what your informant says chiefly applies to the original side of the High Court where the English system is administered, and it is administered according to English ways. But you are speaking now of the appellate side of the High Court, and I do not think that the rates there are so very high. There you may be represented by a native, but it very seldom happens that the two rates apply, the high fees which that gentleman speaks of and the stamp duty, because the high fees are on the original side, and not on the appellate side.

7468. But it is usually supposed that one of the great advantages which the English rule has conferred on India, an advantage which, it is supposed by many people, compensates the Indian people for increased taxation, is that we make property more secure than it was under their native rulers?—Yes.

Sir *H. L. Anderson*, K.C.S.I.

20 June 1871.

7469. But do not we, if law is as expensive as it appears to be, give them that security of property at an enormous cost?—I do not think it is at a cost at all equal to what it costs in England. I do not think that you can say that 7½ rupees per cent. is a very large sum to cover everything except on appeal. Then a man has to go through another process, but if he gains his suit, he gains the costs too.

7470. This letter from which you have read a sentence was written to me by a Mr. Doyne, a very eminent barrister, who was in practice for a great many years in Calcutta; and his opinion goes to this, that not only is this heavy percentage of 7½ per cent. levied before the suit commences, but in order to carry out that suit, all the other legal charges are higher in India than they are in England?—My opinion is not equal to Mr. Doyne's in the matter, but I think that he is alluding to the fees on the original side of the court. It is a new suit in the High Court. The High Court is the old Supreme Court and the old Sudder joined together. Those high fees in a very large degree apply to the original side, and not so much, I think, to the appellate side. I dare say that they are pretty considerable there, but not so high as they are on the original side.

7471. But later on in the letter that I have placed in your hand, I think you will see that his opinion is that the changes in the court to which you refer, the Mofussil Court, are also large?—"In the Mofussil or out of the Presidency town the pleaders are allowed to make their own clients what bargain the parties please, and I think that beyond question the cost of litigation, when at all intelligently conducted, is high. But it would be very difficult to say its relative cost, when the range of charges is so considerable according to the wealth of the client, and the importance of the case; I know that enormous fees are frequently paid. In the lower courts, such as the Moonsiff's, and the Deputy Collector's Court (the latter in rent suits), the fees are often small, being in the nature of a poundage, but even then the sums which a suitor has to pay in various other quarters make litigation costly."

7472. I am justified in saying that he considers that litigation is costly even in those courts to which you refer?—In some cases it is no doubt. For instance, a native in an important suit will bring down a barrister specially from Calcutta; I dare say Mr. Doyne himself has often been taken down, and has received a very large fee; but then a man is entirely pleasing himself in doing that. Mr. Doyne is quite right (at least, I believe it to be so), that a man generally makes a bargain with his own representative; but I confess that I have never heard any great complaint of the cost of law in the Mofussil of India.

7473. Do not you consider that with regard to the cost of justice, the present delays in obtaining justice on appeal in England are felt to be a grievance by the Indian people?—That of course amounts almost to a scandal at present. There is a great difficulty in the matter; the mere fact of making an appeal, which appears a very easy thing, is a matter of the very greatest difficulty. Out of the nearly 700 appeals since the courts were established in 1862, I suppose 650 are from Calcutta, if not more; but when a decision is made by the High Court of Calcutta, an appeal has to be made to the Privy Council, if it is about 1,000 *l.*, in six months; then the proper officers of the court have to make two exact copies of the whole of the proceedings, and of every document exhibited in the cause, with translations of all these; therefore it takes an immense time sending home a heavy case, because in the Court of Calcutta they do not translate the whole case, but only what the barristers on either side consider material parts.

7474. But in addition to this enormous expense, which you may say is necessary for the translation of these documents, when the case is ready for judgment, a great additional expense is thrown on the suitor, from the fact that the case is not heard?—A block is now established in the Privy Council, and men now appeal, not because they have any chance of gaining the suit eventually, but in order to put off the time of the execution of the decree; and therefore the block increases.

7475. Therefore without blaiming any particular person, you would say that the result of the present system is, that it causes an amount of expense and delay in these, appeals which, to use your own words, amounts to a scandal?—I think that the block that there is in the Privy Council at present is a matter to be very much regretted. There has been a committee at the India Office lately sitting, in the hope of trying in some measure to reduce the number of appeals. At present, if it is a question of 1,000 *l.*, a man is allowed to appeal, whether upon fact or upon law; and one suggestion thrown out is, that every case which is appealable to the Privy Council should be tried in the High Court by three judges sitting together, one of whom should be the Chief Justice; that if they confirm the decision of the court below upon a matter of fact, their decision should be final, but on a matter of law, there should be an appeal to the Privy Council. It seems almost an absurdity for the Privy Council to decide upon a matter of fact, when they have not got the witnesses before them.

7476. Mr. *Birley.*] Is the charge of 7½ per cent., which I understand is the Government tax, supposed to cover the whole necessary cost of litigation?—The whole of that part which comes to the Government; there is what a man pays to his own adviser in addition.

7477. Nothing of that kind is included in the 7½ per cent.?—No.

7478. No; the expense of witnesses?—No; but they are summoned, and they get four annas a day, I think.

7479. I understand you to say that 7½ was not a heavy charge upon the recovery of money by a lawsuit, but it is entirely independent of all that the litigant has to pay for his own adviser?—Yes; that he does by private contract, and that we have nothing to do with.

7480. Is the scale the same in the capital of the Presidency as in the Mofussil?—There is the same charge throughout the whole of India in the Mofussil.

7481. And also in the capitals of the Presidencies?—Not in the High Court; the High Court is the appellate court.

7482. What is the rate of tax there?—Under 100 rupees it is 7½ per cent. up to 1,000 rupees, and then it is 5 per cent.

7483. Then is it with regard to the Mofussil; there you speak of a maximum of 300 *l.*?—That is the same as in the High Court.

7484. And then it goes down to 5 per cent.?—Yes.

7485. Does

7485. Does the rate of tax diminish as the value of the property concerned increases in the Mofussil and in the High Court beyond 5 per cent.?—Not beyond 5 per cent. When you get above a 1,000 in the Mofussil, then it is 5 per cent.

7486. But never less than 5 per cent.?—No; except that there is a maximum of 3,000 rupees.

7487. Then that throws a proportionate heavy charge upon the poorer litigants, does it not?—That is, you know, you are throwing the net to catch the smaller fish, as it were. It used to be the case that a litigant could not pay less than a rupee, but now, by the excellent Act of last year, they have reduced it. If it is for five rupees, it is six annas; if under 10 rupees, it is 12 annas. Now one-sixth of the litigation is on sums of that kind.

7488. In regard to appeals, you said that the block increased appeals, because many litigants appeal in order to delay the carrying out of the judgment?—Yes.

7489. Has it also a contrary effect; does it deter appeals from honest litigants?—Not at all, I think; the appeal must be for 1,000 *l.* to the Privy Council, and all the appeals, with a very small exception, come from Calcutta, and I do not think that the Bengalee cares twopence about the expense. They are generally wealthy people, and they are fond of law.

7490. It is merely as a luxury that you look upon it?—I look upon it as an entire luxury; I want to restrict it to points of law; I should be very glad to see the appeal to the Privy Council restricted to questions of law.

7491. Then, in fact, you think that the system of appeal is rather injurious to the morals of the people?—It is a very small class who do appeal to the Privy Council. I cannot say that the morals of the people are affected by it.

7492. Mr. *Bourke.*] The 7½ per cent., as I understand, is what is analogous to what are called court fees in England; nothing else?—Yes, they are paid by judicial stamps. By a late enactment, in order to distinguish them from the general stamps, they call them court fees; that is, initiation fees.

7493. Sir *T. Bazley.*] Are the stamp taxes in India, speaking generally, paid chiefly by the affluent classes?—I should think that the general stamps are paid more by the affluent; but I think one-fourth of the general stamps are stamps of eight annas and under.

7494. And these are exacted for what purpose?—For bills of exchange, cheques, and every kind of instrument.

7495. Do those exactions curtail the labour employed in any way?—No, I think not; the only stamp that a labouring man has to pay, unless he brings an action against another labouring man, would be a stamp upon a petition.

7496. But do the exactions upon the wealthy classes diminish their liability to employ the labouring classes?—Not the general stamps, I think, at all.

7497. Mr. *Candlish.*] You say that the appellants are usually the wealthier classes?—The appellants to the Privy Council, not the appellants to the High Court.

7498. Was it of them that you spoke when you said that they appealed to delay execution of the decree?—Yes.

7499. What is the object of the appeal; why should there be a desire to delay execution if they are men of means?—Whatever means he may have, no man likes paying money if he can possibly help it; but beyond that there is so much pride that enters into it. A law suit which is carried by appeal to the Privy Council is generally a matter on which there is a great feeling beyond the mere desire for money.

7500. And that is a further reason, in addition to the desire to delay execution?—Yes; a man says I will not be beaten.

7501. *Chairman.*] The next item to which I wish to direct your attention is that of "Law and Justice," the gross receipts for which are 801,954 *l.*?—The first item is sale proceeds of unclaimed intestate property, which amounts to 14,316 *l.*

7502. The property of persons who die without any known heirs or kindred?—Yes.

7503. Do you know what becomes of that property generally; is it ultimately claimed, or what is the result?—If there is any intestate property, or any property unclaimed, the native officer in whose district it is has to report to the collector, who issues proclamations which are affixed to the chief buildings in various parts of the district, and any parts where he thinks it is likely that heirs may be found, and it is retained for a year. Then the collector reports to the High Court that such a property is retained, and asks what instructions they have to give. They may either say, "sell it," or they generally say, "keep it a little longer," and perhaps they advertise in another part; and eventually if no one comes forward it is sold for the benefit of the Government.

7504. What is the next item under Law and Justice?—Proceeds of Gaol Manufacture and Receipts of Convict Labour, which amount to 130,380 *l.*

7505. Is that the gross receipt?—The account has been somewhat imperfectly rendered; the different Governments bring these matters to account in different manners. Take Bombay for instance; there is nothing put down for the proceeds of the gaol labour there; but that must be because it did not reach the Treasury; it will come into the accounts of next year.

7506. Or is it because they deduct it from the expense of the gaol?—They may have done that, but I think it is more likely the other way. But I ought to mention that since this Committee was appointed, and I have found that the sums in these accounts are not quite the same as the departmental figures, I have proposed to the Financial Secretary to send out instructions that they should bring everything to account both on the receipt and on the expenditure side; because some Governments in some instances deduct the expenditure from the receipts, and only bring in the net.

7507. Do you suppose that this gross receipt for proceeds of gaol manufacture is exclusive of the cost of the material employed in the industry?—Certainly not; this is the net profit after deducting the cost of the raw material of the manufactured goods which are sold.

7508. You think that it is the net profit on the operation, except of course always the expense of the prison and the maintenance of the convicts?—Yes; and there is the convict labour too. The men are employed sometimes in public works and building operations for the Government.

7509. Then in those cases for the purpose of account for exhibiting the effects of useful labour, is

Sir *H. L. Anderson*, K.C.S.I.

20 June 1871.

is any charge made for that work?—Yes; if the public works, for instance, apply for so many convicts, they are supplied to them, and then they debit their account with the price of this labour that is so many convicts at so much a day each.

7510. You think that they would be represented by a debit in the Works Department and a corresponding credit in this one?—Yes.

7511. You are aware that that is not done in this country; that there is no such thing as paying and receiving between public offices. Do you think that the other system prevails in India?—I do not think that they actually pay over the money, but they take the credit.

7512. But there is an actual entry?—Yes, I think there is an entry.

7513. Do you know how many prisons there are to produce this return of 130,000 *l.*?—Yes, I have got them in all the provinces. There, again, there is a difference, because some of the reports do not give the number of prisoners on the roll in the course of the year, but they give the daily strength, and some give both. For instance, in Bengal, the number of prisoners in 1869–70, was 74,751, and taking the mean population of the gaols, the daily strength was 19,984. Then I ought to mention that the death-rate is always a per-centage upon the daily strength, not upon the whole roll; a man may only be in prison three days or a week, or something of that kind.

7514. That would not give us any practical view of the general effect of this productive labour, because a great many of the prisoners could not be employed in labour?—Some are not sentenced to labour.

7515. Do any returns exist of the number of prisoners employed to produce this result?—I have got only an imperfect one. In Bengal the daily average of persons, I think, was 19,984; the daily average sentenced to labour was 17,387.

7516. But how many are employed in this labour?—8,252 are employed in manufactures; that is in the Bengal gaols, which, I think, on the whole, are the best in India in that respect.

7517. What is the out-turn of the Bengal prisons?—It is very considerable. Of the Mofussil gaols it is 217,700 rupees. Then there are 403 prisoners in Alipore Gaol, which is close to Calcutta, and is one of the best prisons in India; the net profits of that are 237,757 rupees, that is because they have a press there, and they employ the prisoners a great deal on this press, which is exeeedingly profitable.

7518. Are they employed in doing Government work chiefly?—Yes, they make forms and printed statements for Government.

7519. And does that work out at the market rate to what you have stated?—The 403 prisoners, which is the number exclusively employed on the press, produced 237,757 rupees. Then the hire of convicts to the Public Works Department is 23,485 *l.*

7520. That 237,000 rupees would be the gross return, without deducting the expenditure for materials and stationery and other things?—No, those are the net profits. The net profits in the Mofussil are 217,700 rupees, and in the Alipore Gaol 237,000 rupees.

7521. But how would you reconcile that with the fact that the profits of the whole of the convict labour are only 130,000 *l.* for all India?—The two items which I have just mentioned are stated in rupees, not pounds. Many of the prisoners who are sentenced to labour are employed in the gaol for menial purposes.

7522. Do you suppose that in the prison account that value of the gaol labour is reckoned or not?—No, it is not.

7523. It would only be the value of the labour for outside purposes?—Yes.

7524. Can you state what the cost of the prisoners is; that would appear on the other side of the account, I presume?—Yes; I have the rate per head; the gross cost in the Bengal Gaol is 53 rupees per head per annum, and the net cost 36 rupees and a fraction.

7525. After deducting the return?—After deducting the labour fund.

7526. That would be spreading the labour fund over the whole prisoners of the Presidency?—Yes.

7527. Have you the accounts for the other Presidencies?—Yes; I have them separately, but the Bombay account is very imperfect indeed.

7528. Will you just give the result in gross?—In Bombay the total number of prisoners is 22,912, and the daily average 5,948, and the death rate 3 per cent for that year; the death rate for Bengal gaols being 5·15 per cent. The gross cost of maintenance per head in the Bombay gaols is *Rs.* 102. 13. 6., and the net cost 59 rupees.

7529. Do you attribute that great increase of cost to the increased cost of living in Bombay, or to the fact of the gaols being on a smaller scale?—I think that it is a great deal in consequence of the charges for supplies being so much greater in Bombay in the last few years. And there is also another point (I was on the Gaol Commission in 1864 when we examined several of the superintendents), that Bombay puts 22 rupees in its cost of maintenance for guards, and Bengal leaves it out, and does not consider that as a charge at all. Therefore you might say, taking the same course in Bombay, the gross cost would be about 80 rupees per head.

7530. But are the gaols in Bombay on as large a scale as those in Bengal?—I think about the same on the whole; but there are very many fewer in Bombay; there are only 22,912 prisoners in the one case, and in the other there are 74,751.

7531. But are there more prisoners in each of the gaols in Bengal?—No; I think they are pretty equally distributed in both. Of course the great evil of all Indian gaols is over-crowding.

7532. Have you the return for Madras?—I have Madras rather imperfectly. The daily average of prisoners is 9,933, and the death rate 3·90; the average cost per prisoner is *Rs.* 70. 6. 3.

7533. Would you anticipate any improvement in the receipt from the productive labour of the gaols, or do you think that it will be stationary?—I think there will be an improvement; it is not a source you can expect to get very much from, but I think it will improve. I ought to mention, to his credit, that Dr. Mouatt, who was head of the Bengal gaols, has done a great deal in that way, and I think that the others will follow his example.

7534. That has been an increasing item?—Yes; a slightly increasing item, and I think it will increase a little more.

7535. What is the next item?—The next item is the Judicial Tallabana Receipts; that is, the receipts for the service of process; it amounts to 70,174 *l.*

7536. Do you mean that the suitors pay that?—Yes, in civil cases.

7537. In addition to the initiation fee?—Yes.

7538. That being, in the first instance, paid by the Government?—Yes.

7539. That would appear in the expenditure on the other side of the account?—Yes.

7540. Then what is the next item?—The next item is Fines and Forfeitures; that amounts to 313,239 *l.*

7541. Are those the fines and forfeitures levied in courts of justice throughout the country?—Yes; the magistrates' courts, and every court.

7542. Mr. *Fawcett.*] Forfeitures too?—I almost think that the fines and forfeitures are used as two words when one would do, but it may possibly mean the case of a man forfeiting his pay.

7543. *Chairman.*] Is there no forfeiture of goods in the event of conviction for crime?—Very seldom; I have hardly known such a thing.

7544. Then what is the next item?—The Registration Fund and Fees; that is 160,114 *l.*

7545. What is that registration?—That is the registration of assurances; an Act was passed in 1864, which was a very comprehensive and minute Act, but that has been amended by an Act passed this year, which has hardly come into operation yet, but which is a more moderate Act than the one of 1864. The Government under the former Act of 1864, obtained a revenue from registration of about 25,000 *l.* a year. They have distinctly stated that it is not their wish to gain a revenue from registration; all they wish to do is to recoup themselves for their expenses, with a margin of 5 per cent. to meet future pensions of the establishment; but under the old Act, which was repealed this year, they gained about 2½ lacs a year, and they had accumulated about 13½ lacs, that is about 135,000 *l.*

7546. Mr. *Fawcett.*] This item of 160,000 *l.* is composed of the annual income of 2½ lacs of rupees and the appropriation of the accumulation, is it not?—Yes, it may be so, but I do not think it is.

7547. *Chairman.*] Is this receipt intended to be a source of revenue, or to cover the cost of the operations of registration?—The Government have laid it down distinctly that it is not their object to gain a revenue from registration; they want to get a good record of titles.

7548. And the fees are with a view to cover the expenses?—Yes, which are very great.

7549. And those will appear on the other side of the account?—Yes.

7550. If the fees increase, I presume that the expenses will increase in proportion, so that the account will balance itself?—Yes; the fees are designed now with the idea of gaining about 5 per cent.; that is to meet future pensions of the establishment.

7551. What is the next source of revenue under this head?—The next source is one which accidentally comes into this year; it is Calcutta High Court fees, 87,513 *l.* That is only an accidental thing; High Court fees are now paid by stamps, by an Act of 1868; before that they were paid direct. When I say High Court fees I mean those paid to the Government, I do not mean those paid to the sheriff.

7552. These are the fees which the Government receives, because the recipients of the fees are paid fixed salaries?—Yes; now those fees are paid by stamps. This amount is an arrear of the former year. The High Court Fees Act was passed in 1868, and this sum ought to have appeared in the account of 1868, but was not realised till 1869; therefore it appears this year, but that will not occur again,

7553. What is the next item?—The next item is a small sum of 2,267 *l.* for stamp penalties under Act 10 of 1862, an Act which has now been modified by the recent Stamp Act; it is the penalties on presenting an improperly stamped document.

7554. Then what is the next item?—Then there are the Convict Receipts for Port Blair, 37,895 *l.*

7555. What is that?—Port Blair is in the Andaman Islands; it is a penal settlement, and this sum is the proceeds of the work of the convicts.

7556. How is that work estimated, is it for goods sent away from the island?—No; chiefly for labour in the island, I think.

7557. On public works in the island?—Yes; it is all done by convict labour there.

7558. Is it only a convict settlement?—Yes, it was established since the mutiny; there are some manufacturers for their own clothing, for instance, and things of that kind.

7559. The expenses therefore would be enhanced to the same extent on the other side of the account?—Yes, the expenses are much larger than that. Then there is the usual item of "Miscellaneous," 10,725 *l.*

7560. These make up generally the total sum?—Yes; those miscellaneous are small sums; for instance, old furniture may be ordered to be sold when new is bought. All those items together make up the 801,954 *l.*

7561. I see there is a drawback or repayment of 29,000 *l.*; do you know anything of that?—The total expenditure on law and justice is 2,903,000 *l.*

7562. Mr. *Fawcett.*] Referring to the item derived from the profits of the gaols, I think you said in one of your answers that you were not quite certain whether it was a gross or a net receipt, because the accounts which the Government received were differently kept in different parts of India?—No, I do not exactly know. I find that Bombay is put down as nothing in the way of the gaol manufactures: Now I know that Bombay does produce a great deal in the way of gaol manufactures; therefore, either it did not reach Calcutta in time to be brought to account that year, or they have merely subtracted the proceeds of the manufacture from the general expenditure.

7563. But still, unless I misunderstood you, you could not tell us confidently whether with regard to the whole of India this was a net receipt?—What I have got down here is 130,000 *l.* as a net receipt, that is after paying for the raw materials; this sum represents the proceeds of the manufactured goods sold, and therefore it is a net profit.

7564. I think you said when the question was first put to you, that the accounts were differently kept in different parts of India; in some parts the gross receipts being returned, and in other parts the net receipts?—What I said was this; the accounts, I think, are kept in the same way, but I think in sending them to Calcutta on some occasions, one Government sends the gross receipts, and another only sends the net, and another, if there is no profit, does not send it at all.

Sir *H. L. Anderson*, K.C.S.I.

20 June 1871.

I only imagine that from there being nothing down for Bombay.

7565. But then when these accounts are made up at Calcutta from the accounts sent to them, if the Government receives in some cases the gross receipts, and in other cases the net receipts, are you quite certain that the Government in Calcutta before publishing these accounts, separates those that represent the gross receipts from those that represent the net receipts?—I ought to mention that these figures only represent the actual sums received, which came into the Treasury during that year. Sometimes a sum which belongs to 1869, will not be brought to account till 1870. I suppose every year something of the same kind will happen; therefore, one year will be like another, but these are the actual sums received.

7566. But are you quite certain, for instance, that the Madras Government in sending its accounts transmits the whole of the proceeds which they receive from the sale of goods, and that they get the money which is necessary for the purchase of the raw material required for the manufacture of them from another source?—They get the advance for the raw material from the Treasury.

7567. Then it would be a gross receipt and not a net receipt. I will put it in this way: suppose, for instance, the Madras Government sells 30,000 *l.* worth of goods manufactured in gaols, and that in order to obtain that 30,000 *l.* worth of goods they have to pay 10,000 *l.* for raw material, if this aggregate amount is a net receipt, and not a gross receipt, they ought to transmit 20,000 *l.* to Calcutta and not 30,000 *l.*?—That is what the Madras Government does do, and, in fact, all the Governments, except that certainly Bombay has done nothing this year. They put down so much for the cost of raw materials, so much from the proceeds of sale of manufactured goods, and they substract the one from the other, and consider that the net profit; they always do that.

7568. You are quite certain that they always do it?—Yes.

7569. But then there is something in the Bombay account you cannot explain?—Because I find that in this year there is nothing put down to Bombay; I know there is something there; I think it is that it will be found in the account for the next year.

7570. *Chairman.*] Is it not possible that they may have deducted the net profits of the manufacture from the cost of the gaols?—They may have done that; they have not sent the net profit, but they have subtracted the net profit from the cost of the gaols, I think.

7571. Mr. *Fawcett.*] With regard to that item of 135,000 *l.*, which arises from the registration of assurance fees, that is an item which you may say is an exceptional receipt which will not recur. Do you not think, in order to exhibit the finances of India in a correct light, considering that you, in India, have been steadily during the last few years living beyond your means, as a matter of prudence, when you have got an exceptional receipt like that, it would be better devoted to the reduction of debt than to income; would it not be fairer?—As I said before, they have an accumulation of registration fees of about 135,000 *l.* Well, they may, if they choose, apply that to the reduction of debt.

7572. But would you not, as in the case of any ordinary business, think it a fairer way to exhibit the accounts of India, and the financial position of India, and in a truer light, if an exceptional receipt of that kind was used so as to diminish the amount that you had to borrow?—It occurs every year up to this, hereafter it will not.

7573. This year you have an accumulation; you let it accumulate, and then you appropriate it?—No; that 160,000 *l.* does not include the accumulation of the 135,000 *l.*; that is the revenue derived in the year from the registration of assurances. The 135,000 *l.* is the accumulation of the profit since 1864, about 2½ lacs a year. The income from registration of assurances is about 25,000 *l.* more than the expense, and, therefore, a fund has accumulated of about 135,000 *l.*; but that 135,000 *l.* I do not think is a component part of this 160,000 *l.* Unfortunately there are two sums of 135,000 *l.* I see now, however, that it is "Registration Fund and Fees;" I thought that 160,000 *l.* was the gross receipt for the year, but I observe that the word "fund" is there. If this be so, this is not the gross receipt for registration, but is a registration fund and the profit of the year; that is the 135,000 *l.* accumulation and the profit of the year of 25,000 *l.*

7574. Then, bearing that distinctly in mind, do not you think that it would be better if you exhibited the finances in that light, and told the world more correctly the exact position of India, if an exceptional receipt like that is put to income which never can recur?—Yes, certainly, if it is the fund; I should like to see to that point if you will allow me when I come here again; there is the word "fund," certainly.

7575. I understood the tenor of your evidence to be this, that up to the present time they had made too large a profit on these registration fees; that an Act of this year was passed, the object of which was not to make a profit from these registration fees, but simply to levy a sufficient amount from them to cover the expense, and to provide 5 per cent. necessary for pensions of the establishment, in addition?—That is partly the object of the last Act.

7576. They have made profits from them in past years, and they do not want to make any in the future; they find that the accumulation of the profits that they had made, according to your statement, amounts to 135,000 *l.*; and that, according to your evidence, they have devoted to income, and have put it down as income?—Yes, from the fact of the word "fund" being used, I think it is so; but I confess that I have a doubt on the subject still.

7577. Assuming that it is so devoted, do not you think that such an appropriation of exceptional receipts to income at the time when money is being borrowed so far goes to exhibit the financial position of India in an incorrect light?—No, I should look upon it as a casual source of income, if it is as you say, but it would make a very small reduction from the amount of the total debt; it is regarded as income in this particular year; it is a windfall.

7578. But then already I have discovered that the Government have appropriated, including this 135,000 *l.*, in order to get the surplus this year of 118,000 *l.*, what you call windfalls of nearly 900,000 *l.*; therefore it becomes serious to appropriate windfalls at that rate, does it not?—They have appropriated the accumulations of the Police Superannuation Fund; that is the only thing which I am aware of.

7579. But Mr. Harrison, the Comptroller, admitted

mitted that 750,000 *l.* of some receipts were receipts that could never recur, but were windfalls. Adding this 135,000 *l.*, it would seem that during this year, when they have a pretended surplus of 118,000 *l.*, that surplus was obtained by appropriating exceptional receipt which never can again recur to the extent of 900,000 *l.*?—I certainly think that if this is the fruit of accumulations, it ought not strictly to be considered a matter of income.

7580. Who is responsible for these appropriations; would it be your duty, suppose that it had been pointed out to you, to call some one in your department to say, "This is an exceptional receipt, and I think you have just stated that for the sake of strict correctness and exactness it ought not to be devoted to income"?—If the facts are as you suppose, I do not think it ought to be.

7581. Mr. *Candlish.*] How would you separate it; how would you enter it in your accounts?—I have nothing to do with the accounts; it is entered in the account, but then it is perfectly understood that it is not a recurrent income.

7582. But an income nevertheless?—It is a receipt of that year.

7583. Mr. *Grant Duff.*] In all large accounts are there not every year exceptional receipts and exceptional expenditure?—Yes, I fancy there are in England; for instance, there was the China repayment which the other day came in as income for that year.

7584. Mr. *Fawcett.*] But it makes a difference, does it not, as to the appropriation of these exceptional receipts whether a country is in the financial position of England in which borrowing is extremely exceptional, or whether a country is in the financial position of India in which borrowing may be considered to be its normal condition?—I do not think that you can quite fairly say that. The debt of India cannot compare in amount with the debt of England; it is not much more than two years purchase of the revenue.

7585. Mr. *Grant Duff.*] You have never given special attention to accounts?—No; that has never been my duty at all; all the time I was in India I had nothing to do with accounts.

7586. You came here because you knew about the receipts from law and justice, and certain other heads of receipt, not because you had a special knowledge of accounts?—No; I know nothing about accounts.

7587. Mr. *Fawcett.*] You were summoned to give us evidence as to the revenue derived from the sources; who is there (I simply want the information, and I do not wish to imply that it is your duty) whose duty it would be to point out the proper appropriation of this money, and whether revenue ought to be devoted to income?—I think for that you must get the Financial Minister of India, Sir Richard Temple and his department.

7588. There was another item, which was referred to in the sources of revenue, namely 70,000 *l.* for process?—Yes.

7589. That represents a charge upon the suitors, in addition to the 7½ per cent., does it not?—It is partly made up from suitors, but not suitors in a civil case; it is as much derived from the administration of the criminal law. Complaints are made which necessitates a hearing, and the production of witnesses, and they are summoned, as it were; it is by no means, I think, influential as a charge which falls upon the suitors in civil cases.

7590. But a portion of it does?—Yes, a portion of it does.

7591. Whatever portion does fall on suitors in a civil case represents an additional charge levied upon the suitors themselves of 7½ per cent?—It is an additional charge. But you should kindly bear in mind, that when an action is brought by one man against another, it is tried very near his own home, originally, and the charge then for the process is very small, because the witnesses are all within hail; when there is an appeal made, and it goes up to the district court, it is not always that the witnesses are called; perhaps they desire that one or two should be called; perhaps the parties wish the case to be tried entirely from the papers before the court, and both sides may say "We do not want witnesses called at all; we will go on the statements made in the court below. Therefore I do not think that any very large part of the process receipts falls on the civil suitors; but still it is an addition.

7592. Therefore an answer which you previously gave in reply to an honourable Member, that the 7½ per cent. stamp duty covered all the court fees, requires, according to the answer which you have just given, some modification?—No; it covers all the court fees; that is to say, what goes to Government; but this, though paid into the Government, they pay out again, as it were, to those who serve the process. In olden times this never appeared in the accounts at all; there was a fund kept in the court, and they employed men to serve process; it was called the Ameen fund on the Bombay side, and the Talabana fund on the Bengal side, and it never appeared on the Government accounts at all. It is true that it is a charge upon the suitors, but not a part of the court fees.

7593. Not a court fee nominally in India, but still it is a court charge?—It is an expense attendant upon the suit, I quite admit that.

7594. I mean that the 7½ per cent. does not cover all that is levied from the suitors for court expenses, or court charges; this is an additional charge levied upon them?—This is an additional charge levied upon them certainly.

7595. Mr. *Beach.*] I think you said that many of the convicts were employed in various trades?—Hardly in trades; they are employed in various manufactures.

7596. In skilled labour?—They are not employed in skilled labour, or else the profits would be much greater; they are men who have to be taught in gaol.

7597. Is there a trade instructor?—No, I think not; there is a foreman, as it were, but not for each trade.

7598. It might be a thing worth considering whether it would not be worth while to have a trade instructor?—I think there is always some person who can instruct them. What I meant was, that each person is not asked, "What can you do, or what do you wish to do, and we will teach you that."

7599. But by good conduct they have the power of gaining the opportunity of being employed in this kind of labour, which would be less irksome than mere manual labour?—Yes, by good conduct, certainly. There are various kinds of labour, some which is remunerative, and some which is not. For instance, we may say that shot drill, and anything of that kind, is not remunerative; and if a man behaves well he is let

Sir *H. L. Anderson*, K.C.S.I.

20 June 1871.

off that sort of labour, and is put upon the more remunerative labour.

7600. Have they the power of obtaining a remission of the sentence by good conduct?—In some gaols, they have got a good-mark system. There has been a great discussion on that point in India, whether a man should gain a remission of his sentence by good conduct. I think in the Punjab they do allow good-conduct marks to go towards remission of sentence, and in Bengal they have what is called intermediate imprisonment.

7601. Is there any jealousy of the interference of convict labour with free labour?—Yes, I think there is of convict manufactures. I have always, for instance, had considerable doubts about the press of the Alipore gaol. When I went over the Aliporē gaol myself, the only objection that I could find to it was that I could not see where the hard labour was; the work of the press is not very hard labour. But since that time Dr. Mouatt has amended that a good deal; there are now jute mills and oil-pressing machines, which involve very severe labour.

7602. Have they a treadmill in Calcutta?—Yes; there ought to be a treadmill in every gaol, I think, in India. There was one in the common gaol of Bombay; and, one in the common gaol of Calcutta; but I think that a treadmill is very essential.

7603. It may be made productive, to a certain extent, for grinding the corn?—Yes. I should say that the general fault of Indian gaols, in some of the best gaols, is that the object of enforcing really hard labour has been a little sacrificed to the out-turn of profit. I think that is the case in some of the best gaols, that they, perhaps, have not made the gaols sufficiently deterrent because they wished to make them sufficiently profitable.

7604. Very similar to the state of things in England a little time ago?—Yes.

7605. Sir *T. Bazley.*] You spoke of manufacturing labour being employed in gaols; of what do the manufactures consist?—Chiefly, I think, weaving coarse cloths. There are various kinds; in Calcutta they have jute mills, and make what are called gunny bags very largely.

7606. Is that employment productive?—It is very productive.

7607. And returns income to the prison?—Yes, the jute mills are very productive; gunny bags are an article in immense demand.

7608. The jute is bought in the public market, and the manufacture sold in the public market, and the difference put to the credit of the gaol?—Yes. Then they make towels in some gaols, and they make carpets in some.

7609. And do they render Government service in any way?—Some of them perform menial offices in gaols, which saves the Government something, and in some gaols they have introduced a system which I like myself, they make them warders; it is rather like putting one offender to take care of another, but still they save a good deal of money by it.

7610. In the Alipore gaol of which you have spoken, there is a printing press?—Yes.

7611. And has it not been alleged that the charges made to Government for printing public forms have been so excessive, that the private trade has been greatly aggrieved, and would have done the same work at very much less cost?—I do not know that as a fact, but I was only in Calcutta twice. I cannot help imagining that it must cause some dissatisfaction to the private presses.

7612. But when excessive prices are charged to the Government, and an apparent profit is made, is it not a fallacious system?—Yes, if it is so.

7613. And it is desirable that such a system should be corrected?—But I do not see why the Government should not go into the cheapest market.

7614. But upon what principle generally is the profit upon gaol labour ascertained. You give a specific instance of the right method being employed in the case of the jute, where the raw material is bought, and the manufactured product is sold in the open market. How is it in regard to the other cases?—I think in regard to all manufactures it is the same; and then with regard to labour they take it at the market rate; it is a nominal sum; they put down so much for labour.

7615. That is rather an estimate than a result?—Of course they do not pay the money; but they say that there is so much; they may lend a couple of hundred convicts to the Public Works Department; or in some cases they have done this, they have built a gaol with convict labour; there the Government is saved the free labour that would have been needed.

7616. That would be productive labour in that case?—Yes; but as a rule convict labour is of course very inferior to free labour, and at one time engineers said that they would rather not have convict labour at all.

7617. Does not the system require some amendment in the respect which I have indicated, because it is delusive to the public?—I think that if the Government can build a gaol with convict labour, it is a very good thing; they save the cost of free labour, though probably the free labour would have done it in a shorter space of time.

7618. In that case they show results, but in all cases you do not show results?—I think so; an engineer would say, "I prefer free labour to convict labour, but if the market is rather overstocked, and I cannot get free labour, I am very glad to get convict labour, though I should prefer free labour."

7619. Do the prisoners come out from gaol, do you think, imbued with better principles than they enter it with, and do they acquire the habits of industry?—No, I cannot say that I think they do.

7620. Mr. *Lyttelton.*] I suppose in all cases the gaols are enabled to undersell the local trade?—Yes, I should think so; I should think that their manufactures would undersell the manufactures of the place.

7621. Is it often the case that they go on side by side?—No, I think that the manufactures of the gaol are not of the same kind as those that are carried on in the place at all; they meet another want.

7622. Is care taken that such should be the case?—I will not say that care is taken; I think it is an object that they have rather in view.

7623. Are there inspectors of prisons, as there are in England, whose duty it would be to certify various sorts of labour as hard labour, or as labour of another class?—Every gaol has a superintendent, who has been of late years, and always will be now, a medical officer. Then each Government or administration has an inspector-general of prisons, who periodically visits all the gaols,

gaols, sees what points he thinks are wrong, and puts them right.

7624. And is it his duty to certify the labour as being up to the mark required?—No, I do not think he does that; there is no certification of that sort.

7625. With regard to the large sum returned under the head of fines, that represents the gross receipt from fines, I suppose?—Yes.

7626. Are there any officers in India that are paid out of those funds, as magistrates' clerks in England are paid?—No, the system is one of revenue on one side, and expenditure on the other chiefly.

7627. There is no officer that has an interest in the amount of fines levied?—No.

7628. Mr. *Candlish.*] You stated the gross income under the head of law and justice as 801,954 *l.*?—That is the gross income, exclusive of stamps, which is an item which I said the other day was I thought about 1,400,000 *l.*

7629. In speaking of the 160,000 *l.*, registration fund and fees, and the 135,000 *l.* as having been saved from previous years, you thought they were separate sums?—I confess I did, and I cannot help thinking so still. The only thing that staggers me is that certainly it is put down as "registration fund."

7630. I want to direct your attention to the fact, that if both those items were put in here, it would make that total of 801,000 *l.*, upwards of 900,000 *l.*?—If the registration fund is exclusive of that 135,000 *l.*, then it would.

7631. Does the fact that your total would be made up to upwards of 900,000 *l.*, not lead you to infer that the 135,000 *l.* must be included in the 160,000 *l.*?—I can only imagine that if it includes that, they have only given the profit of the annual income; I will see to that point.

7632. From Bombay you have no receipts at all from gaol labour?—There is none down in this account,

7633. Then the 801,000 *l.* must be incorrect as a total of receipt?—No, it is in this way. These sums put down are what have actually reached the Treasury. Now it is very possible that the Bombay sum has not reached the Treasury during that year, but it will reach it next year. And so in the same manner with some of these other sums. Take the 104,000 *l.* for Bengal, for instance; that may include an arrear of last year.

7634. You are not aware of the state of the accounts in the previous year, 1868?—I have not got them here, but it is always so: you cannot, within the period from the 30th of April in one year to the 30th of April in another, get the total income up to the very date.

7635. But it would appear to me inevitable that you should get a year's income, if a period of a year was taken?—Taking the 30th of April from year to year, supposing a great deal of income falls due in the last 15 days of the year, for instance, you cannot get it in the account.

7636. But, I apprehend, we know in England what our income is within the year, and you have the same power in India, have you not?—I dare say that they do know it; indeed I have no doubt that they do know it; or, at all events, they can estimate it.

7637. Then the accounts are incorrect?—No, the accounts are not incorrect; but they only put down the actual receipt, what they actually get in without any estimate for what they might receive.

7638. From the fact that there is no receipt put in from the Bombay gaol, you infer, do you not, that there was no receipt from that labour?—No, I do not infer that.

7639. Would it not follow then, that the accounts are incorrect?—No; it may be an incorrect system, but these are sums actually received.

7640. The accounts must be incorrect in so far as the Bombay sums are omitted, must they not?—I am quite certain that all these sums put down here were not actually received during this year. Some of them were arrears of the year before.

7641. Is not that a cash account in your hand?—It is a statement of the items actually brought to account in Calcutta.

7642. Then there is no estimate at all there?—No, there are actual receipts.

7643. You are of opinion that there were receipts in Bombay, and they are not in that account?—And, in the same way, when I see 104,000 *l.* down to Bengal for proceeds of gaol labour, I do not suppose it was entirely obtained in that particular year; I dare say 10,000 *l.* is arrears of the former year.

7644. Then that is a further incorrectness in the account; besides, the omission of something received there is an admission of something not received?—No; I draw this distinction, that these are sums brought actually to account in Calcutta; it is only a matter of account.

7645. Ought not all receipts of every kind to be accounted for at Calcutta?—Yes; they ought to be.

7646. And in the absence of an account of some receipts the Calcutta publication must be incorrect?—Yes; but if you will allow me to illustrate it, in these actual receipts there is nothing down for the Central Provinces, except the gross sum; they have got a gross sum down, but they have not the items; they have not that information from the Central Provinces; and so it may be that by the 30th of April they had not the account from Bombay of what has been received from gaol labour.

7647. If I did not misunderstand you, you stated that in all probability the receipts from the labour of the Bombay prisons had been deducted from the actual cost, and that you had the cost of the prisons before you, less the receipt?—No; the Chairman suggested whether it might be so, and I said, "Yes; it might be that the one has put down nothing, because the cost of the gaol is much greater than the proceeds of the manufacture of goods, and therefore nothing is put down; but it is only subtracted from expenditure.

7648. If this 801,000 *l.* does not include anything whatever of receipts from labour in the Bombay Presidency, to the extent to which it omits, then it must be incorrect, must it not?—Of course, I will admit that it is not exactly complete; but I think that it must always happen that you cannot get the whole year's money in during the whole year; you must depend upon an estimate.

7649. But you must account for what you do get in?—Yes.

7650. And that is not accounted for from Bombay?—It may come to account next year.

7651. Then the 2,903,000 *l.* of expenditure for Law and Justice in India, may be incorrect in the same

Sir *H. L. Anderson*, K.C.S.I.

20 June 1871.

same way?—No; because those are generally fixed charges as it were.

7652. But if the proceeds of the labour in Bombay be deducted from the cost of the Bombay prisons, and the balance only shown of this sum of 2,903,000 *l.*, it must be incorrect?—No; it would still be right if that were the case. If it is so (which I am not certain that it is) it is a bad way of accounting. Of course the right way of accounting is to bring in the whole revenue on the one side and the whole expenditure on the other.

7653. And you would do that?—I would do it; that is what I particularly want done.

7654. You say that 413 of the prisoners in the Alipore Gaol realise 237,000 rupees?—Yes.

7655. That is really about 50 *l.* per man per annum?—Yes.

7656. That is a pound a week approximately, whilst he has been costing 5 *l.* 6 *s.* per annum gross?—That is thrown over the whole Presidency.

7657. And 3 *l.* 12 *s.* per annum is his net cost, while he has been working for 50 *l.*?—That is thrown over the whole of the gaols of Bengal.

7658. But is the fact as I put it?—Yes.

7659. You have very imperfect accounts, I think, from Madras too, you told us?—Yes.

7660. That will be another element of inaccuracy therefore?—I do not say that; all I say is that the report is defective from Madras. They say that the gross cost per prisoner is 70 rupees; they do not tell me exactly what the net cost is.

7661. Do they tell you what the proceeds of their prison labour are?—No, they do not in the annual report.

7662. Then that is another element of error in the 801,000 *l.*?—No; but in the report which I have got from Madras, they have not told me what the amount of their labour was; that has nothing to do with the accounts at all; they make an annual report, and I have myself nothing to do with the accounts at all.

7663. If there be an omission of labour from Bombay and from Madras, there are two elements of inaccuracy, are there not?—The return from Madras is 2,911 *l.* profits of labour, the proceeds of gaol manufacture sold. I mean the profit, taking first the cost of the raw material, and then the cost of the manufactured goods, and subtracting the one from the other.

7664. But it is not profit, if you are keeping the men who do the work, at the same time?—No; of course, I know that the cost of the gaols is very much more than the proceeds of the gaol manufactures.

7665. Your calculation is that the Bengal prisoners cost 53 rupees per annum, the Madras 70 rupees per annum, and the Bombay 102 rupees per annum?—Yes.

7666. *Chairman.*] Do you think that it would clear up this question of the amount of the receipts for the registration fees, if I were to call attention to the fact that in the account of expenditure there are several items for the different Presidencies for registration expenses, amounting to about 107,000 *l.* for that year?—I say that I think that that is the income of the year apart from the accumulations; only unfortunately I have not got the book here which would show me that.

7667. And you think that the accumulation would appear under some other head?—Yes; I I think I can say, on consideration, that the 160,000 *l.* are the receipts for the year from registration, and have nothing to do with the accumulation of 13½ lacs; I think that is taken into the general account long ago.

7668. For one or two governments it is not mentioned at all; then if that were so, yielding a profit of 25,000 *l.*, the gross income of registration would be something above 132,000 *l.* in the year?—Yes, this year it must be more; it has only been an average since the Registration Act was passed. Their calculation is that the excess of revenue over expenditure has been 25,000 *l.*, but this year it is more.

7669. That would bring it up to 132,000 *l.*; there would still be a deficiency, or sum unaccounted for, of 28,000 *l.* or 30,000 *l.*?—The receipts may have been larger this particular year, and that may account for the fact of the Government having determined by this new law to reduce it; I believe the gross income from registration of assurances to be 160,000 *l.* in that year. If it is as the honourable Member for Brighton suggests, that in that 160,000 *l.* there is an item for accumulation of 135,000 *l.*, then the Government have only put down that item and the profit; but I do not think that they have done that. It is odd enough that the two sums of 135,000 *l.* tally. If there is 160,000 *l.*, out of which 25,000 *l.* is the net amount, there must be another 135,000 *l.* received that year besides accumulations; and therefore you see we come to the same thing.

7670. We want to clear up whether the accounts have been kept in one way or another; in this account there is apparent no expenditure; the expenditure on the establishment for registration appears on the expenditure side of the account?—I have not the slightest doubt that what I originally said is right, and it is a mere matter of stating the account. If the 25,000 *l.*, is down as the net profit and the gross is 160,000 *l.*, there must be another 135,000 *l.*

7671. Mr. *Fawcett.*] But the difference is this: if 160,000 *l.* is put down as a gross receipt it represents a gross receipt?—That is what I say it is; I was staggered for the moment by the word "fund."

7672. But what you originally replied was that that 160,000 *l.* was composed of two distinct elements of the 25,000 *l.* and the 135,000 *l.*; you said that it might be so; but it is all the difference in the world whether that 160,000 *l.* is gross receipt or whether it is composed of two elements, which you said it might be composed of, namely, 25,000 *l.* net receipts and 135,000 *l.* obtained from the devotion to income of an exceptional receipt, namely, accumulations; why I cross-examined you at some length upon the point is this, that if it is 160,000 *l.* of gross receipt it is one thing; if on the other hand, Government made up the 160,000 *l.* by appropriating 135,000 *l.* from the accumulation of these funds, would not that be a most improper appropriation?—But if the expenditure is so much the 25,000 *l.* is the profit; it does not very much matter.

7673. *Chairman.*] It is important that we should know whether the account returned is on the footing of the whole of the receipts for registration being put on one side and the account of whole of the expenditure on the other, and whether that has been done in successive years, or only in this year; because, if it has been done in successive years there can be no great income to bring to account. We want to know, as a matter of

of fact, as the expenditure for registration does appear in the accounts for this year, is the gross receipt for registration on the other side of the account. Will you investigate that point?—Yes.

7674. Sir *T. Bazley.*] Are you aware that there was a Committee of inquiry respecting that gaol at Alipore in 1870?—I was not there in 1870; I was myself on the Gaol Commission in 1864.

7675. But in 1870 a Committee sat to inquire into the productiveness of the gaol, and are you cognisant of the fact that it was then ascertained that the printer of the "Englishman" paper complained that the charges made in the gaol were 30 per cent. in excess of the charges that he made in his private business?—No, I have received no report of that yet.

7676. Then you are not aware whether any remedy has been applied to that system, which would appear to be one of great delusion as to profits arising from the printing department in the gaol?—No, I am not aware.

7677. Then it was also proved, I think, that Mr. Jones was compensated for his assumed good management of the printing department by a gift from Government. Are you not aware of that fact?—I am aware of that; at least I think Mr. Dobson got a per-centage upon the out-turn of labour.

7678. All that is very delusive as to the realisation of profit by exorbitant charges that were beyond the market rates?—Well, I do not know that they were beyond the market rates. I have not seen the report of the Committee, but I have no doubt that the independent presses of Calcutta would lower their rates a good deal in order to obtain the custom of the Government.

7679. But I think it is in evidence that there appears to be some collusion between Mr. Jones and a Mr. Wyman, the latter having had some Government work to do for which he was paid the same rate that Mr. Jones obtained on the part of the gaol?—I have not received that report, but I can quite say this: that I always thought that the only defect in the Alipore Gaol was, that they looked too much to the out-turn of labour, and that the superintendent got a per-centage upon that.

7680. That charges were made, in all probability, which were not founded upon fair and equitable results?—I cannot say that. I have not seen the report of this Committee to which you allude.

7681. But you are probably impressed with the importance of correcting such delusive arrangements as appear to have existed?—Of course, if it were so. I am of opinion, altogether, in the Alipore Gaol that they think too much of the out-turn, and that Mr. Jones, who is superintendent of the press, has an interest in getting as large an out-turn as possible, and I think that they may therefore have sacrificed other parts of the gaol government to that part.

7682. Compensations by commission of course are always the largest where the charges made are the highest?—You are now alluding to the press, I presume, because the other manufacturers go generally into the open market themselves; but I think that, if the press has charged the Government higher than fair market rates, there is some degree of delusion in the matter then.

7683. I think, the principle is correct which you have alluded to, where the jute bags are dealt with upon the principle of charging the cost of the material and then selling the manufactured product in the open market, and taking the difference?—Yes.

7684. Mr. *Grant Duff.*] Now we will come to the Post Office; what was the amount of gross receipts for the Post Office in the last year, 1869-70?—£. 711,698.

7685. Will you very shortly explain to us how that was made up?—The postage on letters and newspapers is 90,738*l.*; on Bangby parcels it is 24,818*l.*

7686. Will you explain what they are?—They are packets too large to send by post, and they are parcels, in fact, which are sent by a sort of Parcels Delivery. Then, Service Postage, 270,499*l.* Service postage means the Government letters of the various departments. Sale of Postage Stamps is 291,851*l.*, Cash Sale of Service Labels is 9,877*l.* In regard to service labels they have two systems; there are certain privileged offices the heads of which can frank, as it were, and a separate account is kept of that; and there are other offices that are not privileged, and in which those who send letters upon the Government service buy service labels and affix them to the letters, and a careful account is kept of that and they are reimbursed afterwards. Then the next head is the Nagpore and Jubbalpore Passenger Service, 8,620*l.* Now a railway goes the whole way across, but before there was a break, and they sent the mail in mail carts, which also carried passengers, and that is the meaning of that item. Then there are mail carts and parcel vans, 7,212*l.*

7687. Mr. *Candlish.*] What is that mail cart?—There are parts of India where there is no railway, and where the post is not carried by runners but by carts. Then there is Miscellaneous, 7,968*l.*; and Contributions from Native Chiefs, 115*l.* That makes up the 711,698*l.*

7688. Mr. *Grant Duff.*] Now will you compare the return for the last year which you have with the return for the year in which the Anna Post was first introduced, that is to say, the year 1854-55?—In 1868-69 the letters were 76,867,918; the newspapers were 6,165,039; the parcels were 764,911; and the books and patterns were 736,710; the total was 84,534,578. Now the letters and newspapers together were 83 millions for that year, and the year in which the anna postage was introduced the covers were 28 millions and odd; that is to say, it increased from 28 millions to 83 millions.

7689. A letter now goes from the extreme south to the extreme north of India; say from Cape Comorin to Peshawur, for an anna, does it not?—For half an anna, if it is small enough; it used to be a quarter tolah; they increased it in 1868. The rates formerly were half an anna for a quarter tolah, and one anna for a half tolah, and two annas for the whole tolah; they have now made it half an anna for the half tolah, one anna for one tolah, and two annas for two tolahs.

7690. Have you ever heard the suggestion made that it would be desirable slightly to increase the rate upon long distances, and to put on a very, very small rate upon correspondence passing within, say, 20 miles?—I have heard of such a suggestion, but I do not at all agree in it; I think that it violates the spirit of the postage system.

7691. You do not think that the present system is unduly favourable to Government correspondence and to European correspondence, as compared

Sir *H. L. Anderson*, K.C.S.I.

20 June 1871.

pared with the correspondence of the natives?—No, I do not think it is.

7692. You have heard that said, perhaps?—I have heard it said that when you send a letter so far, you ought to charge more for it; that rather applies to the Europeans when the letter goes from one part of India to another.

7693. But have you ever heard it stated as rather a native grievance that the correspondence of the Europeans, which is likely to go over a greater number of miles than that of the natives, should pay so little, and that their correspondence, which is very often confined to a narrow circle, is charged just as high?—No, I have never heard that, but I had nothing to do with the Post Office while I was in India.

7694. Will you tell the Committee what are the present relations of the India Office with the Peninsular and Oriental Company and with the Imperial Post Office?—With the Peninsular and Oriental Company a contract was made in the end of the year 1867, by which Government bound themselves to pay 400,000 *l.* to the Peninsular and Oriental Company, but also if the dividend of the Peninsular and Oriental Company did not reach 6 per cent., the Governments (that is, the Indian and English Governments) were to pay the difference and make up the dividend to 6 per cent. That was thought so exceedingly inconvenient that in August of last year a new contract was entered into by which the Government pays the Peninsular and Oriental Company 450,000 *l.*, but is not bound to make up the dividend; and I should say that the old contract rather imposed upon the two Governments a charge of 500,000 *l.* instead of 400,000 *l.*; but they now have made it 450,000 *l.*, and they have nothing to do with the dividend.

7695. How long will that engagement last?—Till 1880.

7696. It cannot be revised or altered till 1880?—No.

7697. What is the service which they perform?—They convey the mails from England to Bombay, and from Bombay to England.

7698. Once a week?—Yes.

7699. Mr. *Candlish.*] Is that only for their sea service?—The Peninsular and Oriental Company only do the sea service, of course. They are paid 450,000 *l.*; that is all that they are paid, and that is to convey the mails to Bombay.

7700. Do they pay for conveying them through France?—No, the French Government got that. The postage was fixed at 13 *d.*, of which 7 *d.* went for the sea postage, 4 *d.* to France, and the rest to the two Governments.

7701. Mr. *Grant Duff.*] Will you explain our other relations with the Imperial Post Office?—Of the 400,000 *l.* the Indian Government was bound to pay 117,000 *l.*, and they received an estimated postage of 62,000 *l.*; and their loss was 54,000 *l.*

7702. To whom did they pay this sum?—They I presume paid it to the British Government, which paid the Peninsular and Oriental Company. Their share was to be 117,000 *l.*, and they were to receive 62,000 *l.*, so that their loss was about 54,000 *l.* on the contract; that was the estimated loss to the Government on the Indian Post Office. The total subsidy was 400,000 *l.* (I am talking of the old one, because the other is only a slight modification of it). Then they deducted for Australia 50,633 *l.* Then they added for incidental expenses 20,645 *l.* Therefore the cost for which provision was to be made amounted to 370,012 *l.* Towards that the Imperial Government was to contribute 182,747 *l.*, and the estimated collection of sea postage was 85,815 *l.*, so that the total of their share of the loss was to be 96,932 *l.*

7703. Mr. *Candlish.*] To what date does this apply?—The contract concluded at the end of 1867, which went on till last year up to the time of the new contract. The new contract was only 50,000 *l.* more, and they divided that in a way which I will show you afterwards. Then the Indian Government had to pay 117,053 *l.*, and deducting the estimated collection of sea postage, which was 62,782 *l.*, the total loss was 54,271 *l.* to the Indian Government. Then Ceylon was to contribute 8,385 *l.*, and to take 3,283 *l.* postage, leaving 6,002 *l.* as their share of the loss. The Mauritius was to contribute 6,549 *l.*, and the estimated postage was 1,308 *l.*; therefore their loss was 5,241 *l.*

7704. Mr. *Cave.*] The Mauritius mails go by the French boats, the Messagéries, do they not?—No, I think not. The Messagéries did at one time take passengers I think, but in competition with the Peninsular and Oriental Company. Then China was to pay 55,278 *l.*, and the collection of the postage was 22,065 *l.*, making a total loss to them of 33,203 *l.* Then it was said at the time that the Imperial Government well knew that they would have to pay a good deal for China, that China would not be able to pay its share. That I need not go into. The total loss to the Imperial Government was 131,000 *l.*, to the Indian Government 54,000 *l.*, and to the Colonies, Ceylon, Mauritius and Hong Kong, it might be 70,000 *l.*; and it was believed that the Imperial Government might have to bear some part of the loss both of China and the Colonies. Then in 1870, in consequence as I have said of its being found that the fact that we were bound to make up the dividend of the Peninsular and Oriental Company occasioned great loss, the Post Office, and I fancy the Treasury (the India Council was not consulted) made a new contract, and they agreed to pay 450,000 *l.*; and in consideration of that additional 50,000 *l.* our contribution was raised from 117,000 *l.* to 132,500 *l.*; therefore our total loss was raised to 69,818 *l.*

7705. I do not quite understand the account on page 12. I see that the Post Office receipts (called the net receipts here, but really the gross receipts) are 711,698 *l.*, and the charges for collection, 649,934 *l.*, and then the net receipts paid into the Treasuries, 61,764 *l.* But in the former account at page 6, the gross receipts were given at 711,698 *l.* (which correspond with the sum given in page 12), and the total expenditure at 688,483 *l.*, making the net receipts 23,215 *l.*?—The gross receipts are put down at 711,698 *l.*, and the gross charges in India are 649,934 *l.*

7706. £. 688,483 I see as the total charges against income, and the net receipts on page 7 amount to 23,215 *l.*, which is the balance between 688,000 *l.* odd, and 711,000 *l.* odd?—Yes.

7707. But then in page 12 the net receipts are 61,764 *l.*; but I imagine that 23,000 *l.* is all that really finds its way eventually into the Treasury?—Yes, that is so, I think.

7708. So that this column, number one on page 12, gives an incorrect impression, does it not?—These are the sums that actually find their way into the Indian Treasuries.

7709. Then, after they have found their way

into the Indian Treasuries, there is still an expenditure for English charges?—Yes, about 40,000 *l.*, I think, is repaid.

7710. But is it shown in the accounts what charge has to be paid to England out of this 61,764 *l.*?—£. 38,549 are the English charges.

7711. As to inland postage, the distant letters, I suppose, do not pay for the carriage, do they?—No.; I ought to mention that we only get an income at all from the Post Office by taking in the Service letters; they are charged for as if they were paid letters, as it were. If we did not take that into consideration, there is a deficit of about 160,000 *l.* If you charge those letters, it is about 120,000 *l.* profit; but there being a uniform rate throughout India, we must lose upon the longer distances.

7712. Are the short distance letters very much more numerous than the long ones?—I should say that the greater part were between the large commercial centres, whether small or large; I do not think there is very much between the different small towns.

7713. But the principal revenue comes from letters sent between large towns?—Yes.

7714. Are those sent by natives or by Europeans chiefly?—Well, I should say in the large commercial towns, I think by natives; I do not mean the Presidencies, but I mean the other commercial centres.

7715. And I suppose that the Presidencies would vary; in Bombay for instance, would there be more native letters between great towns than in the other Presidencies?—No, I should think more between some of the towns in Bengal and the North West; Bombay has, perhaps, only one great centre, which is Bombay itself. There are three other large towns, Poonah, Ahmedabad, and Surat; the rest are small.

7716. Then you would not give any weight to the complaint that the Europeans are favoured at the expense of the natives with regard to letters?—I do not think they are; I never heard any complaint all the time I was in India, but, as I said before, I was not in India in a position to hear such complaints.

7717. The mails are carried by the railways, of course, as far as the railways go?—Yes; I have a return of how they are carried; of postal lines 4,433 miles by railway; by mail-cart, horse dawk, and camel dawk, 5,333 miles; runners and boats, 35,498 miles. Those boats are on the Irrawaddy, the Indus, and other rivers.

7718. On the Indus they go by the Steam Flotilla, I suppose?—Yes; and then there is the sea, 5,613 miles.

7719. Does the postman get on board the steamers and go with the mails to the end?—Not the runners; they are put in charge of some mail agent on board. The letters are conveyed in certain parts of India by boats, and in other parts by runners.

7720. But are those that are carried by boats put under the account of "Runners"?—No; in the annual report from India runners and boats are joined together, that is all.

7721. Was there a contract made with the railway companies to carry the letters?—Yes, they are bound to carry them free; but we have now introduced frontier sorting, and they have to provide the sorting carriages, and for that (they call it haulage) they are paid. There has been a discussion as to what is to be the sum; some railways propose that they shall be paid a lump sum, and others propose that they shall be paid a mileage; but the question has not been settled yet; they believe it will be about 2 annas a mile.

Sir *H. L. Anderson*, K.C.S.I. 20 June 1871.

7722. Do you see any prospect of reducing the charge upon inland postage?—No, I do not; some time ago the Government of India threatened to increase it, and our office remonstrated.

7723. With regard to the sea-postage, is the loss greater upon the letters that go by the heavy mails that go round, or by those that are sent across Europe?—I do not know how the loss is at all appropriated. The Peninsular and Oriental Company makes no distinction; it says: "We take so much, and we will convey it both by Southampton and from Marseilles."

7724. But the letters go now from Brindisi, many of them?—Yes; and they have reduced the postage 1 *d.* in consequence.

7725. Do any go through the Suez Canal?—No, not yet; it has been calculated very carefully, and they think that we should lose time by going through the Suez Canal, even putting aside accidents.

7726. I suppose you would save in expense?—It depends entirely upon what charge the Suez Canal Company would make for the transit through the canal; it has never been even mooted yet. I have seen one report in which going through the canal was rather deprecated; they thought that we should lose time.

7727. None of the Peninsular and Oriental steamers go through the canal?—None.

7728. Sir *C. Wingfield.*] Has it not been said, and is there not an impression prevalent in India which has been referred to in the press, that India suffers from the mail service being connected with the mail service of China and the Australian Colonies, in having to pay more for her letters?—No, the Imperial Government pay whatever China cannot pay; the only complaint I have met with is this: the Peninsular and Oriental Company send steamers from Ceylon to Calcutta, and the Indian Government say, "We do not want them for our mails;" but the Peninsular and Oriental Company says: "We will only make the contract on the condition that a certain sum is paid for that line," which line we do not want.

7729. "We will only take the contract for the Indian mails on that condition"?—Yes; they send those steamers for the sake of passengers, and they are determined to get a sum of money for that line; and the Indian Government remonstrate and say, "We do not want the line;" the Government lose about 12,000 *l.* a year by this charge.

7730. From the maintenance of that line from Ceylon to Calcutta, which the Indian Government has protested against very strongly, and which is only kept up for the use of passengers, because the mails now all go by Bombay?—Yes.

7731. Therefore, India has to pay 12,000 *l.* for the conveyance of the passenger traffic?—India has certainly to pay 12,000 *l.* for what it does not want, viz., the line from Ceylon to Calcutta, and it has protested against it; we made three appeals to the Treasury on the subject.

7732. But when the Peninsular and Oriental Company said that they would not take the contract unless they got this payment for the line between Ceylon and Calcutta, I imagine that they would have given way if the Treasury had insisted upon it?—No; tenders were invited, and the

Sir *H. L. Anderson* K.C.S.I. 20 June 1871.

the tenders of the Peninsular and Oriental Company were the only tenders received.

7733. At that time, when the contract was renewed three years ago, the first intention of the Government was to give the contract to the lowest bidder, and I think it was in contemplation to give it to a French company?—No; the Peninsular and Oriental Company's were the only tenders; I think Austrian Lloyd's tendered for the parts between Trieste and Alexandria, but that came to nothing.

7734. Then you think that a better contract could not have been made?—I think there was one great mistake in the contract; it was binding themselves to make up the 6 per cent.; that they have got out of now.

7735. But there being no other tender much better, that was not to be helped?—It could not be done; we were quite in their hands.

7736. The overland postage to India has been very much increased of late years?—It was increased on that contract from 9 *d.* to 1 *s.* 1 *d.*, that is to say, 4 *d.*

7737. And there was a further increase by Brindisi?—No, there was a decrease, making it 1 *d.* less; it is 1 *s.* now.

7738. What rendered the increase necessary on that contract?—The very large loss that was sustained by the Imperial and the Indian Governments. I ought to mention that the Government of India remonstrated very strongly against the increase of postage.

7739. Has the increase of the rate led to a diminution of the loss on the postage?—No, I do not think it has. Of course the loss would have been very much greater, if we had not increased the postage.

7740. But then it has also had an effect on the number of letters I should think?—Yes, it has.

7741. In fact, I saw it stated by the Postmaster General in India, about a year ago, that it is nothing but this increase of the postage that has kept back an immense development of postal communication; are you aware of that?—He did say so.

7742. In consequence of the weekly mails by Bombay, and the operation of the Great Indian Peninsula Railway, the increase in postage would have been considerable?—Yes, it stands to reason that it would; that the department would have been greatly developed if it had not been for this additional weight thrown upon it of the 4 *d.*

7743. Mr. *Dickinson.*] Have there been fewer letters sent since the rise of the postage?—There must have been fewer sent from England; I have no doubt it is so; people send now two letters under one cover; in that way loss occurs.

7744. Are there any Post Office Returns showing the number of letters that were sent before and have been sent since this change; have you the means of knowing how many post letters and parcels went before and after the change in the postage?—I do not think so.

7745. Would there be any difficulty in ascertaining the number?—It could be ascertained no doubt; it is not one of the returns sent to us; the returns sent to us are chiefly of the Indian Post Office, but I have no doubt it could be obtained.

7746. How is the postage arranged between our own territory and native states; for instance, does a letter go from Bombay to Indore for the same charge as from Bombay to Calcutta?—Yes, that has been arranged with Holkar.

7747. Can you tell us the terms on which the postage is arranged between our own and native states?—The British Government pays all the expenses and takes all the postage. If there be a deficiency the native government makes it up.

7748. Some of the large centres of commerce are in native states?—Yes.

7749. You alluded to a payment of 117 *l.* by native states; I suppose that that is in respect of these letters which I am now referring to?—Yes, those payments are to make up deficiencies.

7750. You do not know whether the result of the arrangement with the native states is, that they receive, or pay more?—The native states only makes up deficiencies.

7751. Mr. *Beach.*] Does the general revenue seem to be an increasing one for the Post Office?—Yes, I think it is; I ought to mention that in the last year it decreased.

7752. Was not that in consequence of a very considerable reduction in the charges last year, of which we have not got the returns yet?—Yes; in 1870–71 they have again decreased the charges upon newspapers; it was 1 anna for 10 tolahs, and now they make it half an anna for 10 tolahs; this very last year, of which we have not got the accounts yet, these reductions that were made for the benefit of the public, will for a very short time made a decrease of revenue; but I have not the slightest doubt that there will be a very great increase eventually. I could tell you how the revenue has increased; in 1853-54, which was the year before the anna postage came in, it was 451,962 *l.*, and this year, 1869-70, it was 681,601 *l.*

7753. Mr. *Fowler*] Have you any statistics of the number of newspapers passing through the Indian Post Office?—Yes, I mentioned that there are 6,165,000.

7754. Mr. *Candlish.*] Do you know the amount of loss on the contract concluded in 1867, in addition to the 400,000 *l.* absolute sum?—I think it cost about 500,000 *l.*

7755. Was that paid by England and India?—Yes; we were bound you know to make up a certain sum, that was paid by the two.

7756. On what basis did you settle the liabilities?—We were called upon to pay certain sums for future adjustment on the basis of the original settlement; I believe that was the method.

7757. Do you know what examination of the Peninsular and Oriental Company's accounts took place?—I do not know of my own knowledge, but before the contract of 1867 was made, which was made after a consultation in which the Chancellor of the Exchequer, Mr. Ward Hunt, came down to the India Office, the Secretary of the Post Office, Mr. Tilley, Sir Stafford Northcote and Mr. Merivale also took part; it was agreed that Mr. Soudamore, of the Post Office, now the head of the Telegraph Department, should go over and examine the Peninsular and Oriental Company's books, and it was upon his report that the contract was made.

7758. And did he continue to examine them annually, as long as we continued liable to the 6 per cent.?—I believe so; I know he examined them before the contract was made, and I believe he did since.

7759. What were the proportions payable by England and payable by India, do you know?—I have mentioned that the net loss to England was 131,000 *l.*; that is the estimated loss.

7760. During what year?—It was the year 1867–68; that is what they estimated the loss would be.

7761. On what basis did you fix the proportions payable by India, and payable by England?—The General Post Office made the calculation.

7762. Do you know the basis?—I have told you the basis; I have told you every item; England had to pay 182,000 *l.*, and to receive 85,000 *l.* That was made up in this way; for the line between England and Alexandria it was 70,603 *l.*; between Suez and Bombay (this is the English share) 47,053 *l.*

7763. But on what principle was it determined that we should pay those sums?—There was a certain sum to make up, 400,000 *l.* Then you said, "What is the fair proportion that each should pay?" and you said "Let the Imperial Treasury pay two-thirds of the charge between England and Alexandria," and it was computed that it would be 70,603 *l.*

7764. That is the result; but can you tell me the principle on which those sums were settled?—You had to make up a gross sum of 400,000 *l.*, and each contributed so much to the total.

7765. On what basis?—I think you will see if I read the items out. For the line between England and Alexandria the Imperial Treasury paid 70,000 *l.*, and the Indian Treasury paid about 37,000 *l.*

7766. On what basis was it determined that England had to pay two-thirds, and India one-third?—Because, in dividing the 400,000 *l.*, it was supposed that England had more interest on this side of Alexandria than it had on the other side; that is the only reason I know.

7767. I suppose you do not know the basis on which it was determined?—It was settled by the Post Office, but I think I have specified it.

7768. You give the figures, but you cannot tell why those figures were adopted?—If you will allow me to explain, between Suez and Bombay they exactly halved it, and each paid 47,000 *l.*, because the respective Governments had an equal interest in that line; between Galle and China 4,912 *l.* only was put down to India, and 15,000 *l.* to the Imperial Treasury, because the interest of England was so much greater in the China part.

7769. Then there was a loss in conveying letters to China, who pays that loss?—That we have nothing to do with, but the Imperial Treasury calculate that they will have to pay that loss.

7770. India has to pay nothing of that?—No.

7771. And you do not know if anything has been received from China on that account, I suppose?—No, I do not know. They calculate that there has been a loss of 33,000 *l.* In some of our correspondence with the Treasury, in which we pressed them to pay a part or the whole of the line between Ceylon and Calcutta, they said, "No, we have already had to pay a great share, and shall have to pay for China."

7772. When you speak of the gain on the postage to India, you include the sum that you pay on the loss of letters from England to India, and *vice versâ*, I suppose?—There is no gain in the postage to India, unless you take the service letters into consideration, which, of course, is only a nominal gain.

7773. And you have done so in the account which you have handed in?—Yes.

7774. There is a gain in that account?—Yes.

7775. And the payment of 649,000 *l.* includes, I suppose, everything that you pay on account of the English and the Indian contracts?—No, it is only the inland postage.

7776. Then there would be a loss on your whole transactions?—Yes.

7777. You do not know to what amount?—No.

7778. Mr. *Eastwick*.] Do the soldiers' letters and sepoys' letters go free in India?—They go free, but not officers' letters.

7779. Have you any idea about the proportion in bulk they bear to the rest of the letters?—I do not know, I never inquired, but I should say they are very slight; a native letter is generally very much lighter than an English letter is.

7780. They are very small letters, but I think that anyone who has seen the bag made up for a regiment can say that, when put together, they form a considerable mass?—I do not know that.

7781. Are there any native troops in China to whom letters are sent free from India?—I have no doubt that there were when our regiments were there; I do not think there are any native regiments there now.

7782. In that case, of course, India was gaining something, because it was sending those letters free?—I do not know whether they sent the sepoys' letters free to China, but I think they did.

7783. Do not you think that if there was a small postage adopted for short distances, as you were asked just now, there would be a very great many additional native letters sent, particularly sarâfs (native bankers), and letters of that kind?—I do not think so. A man can send a letter for half an anna, which is six pies, that is three farthings; you can hardly get down much lower.

7784. It is a very small sum to us, but not, I think, to them?—Yes, but not in the case of the shroff's letters.

7785. Do you think that the sarâfs continue to send letters by means of their own as they used to do some years ago?—I have no doubt they do, but not to the same extent. They have an idea that a very important letter is more safe by a messenger than by the Post Office, but that does not prevail to the same extent. I do not speak with any very great knowledge of the subject.

7786. Mr. *Grant Duff*.] Will you give us, very briefly, an account of the gross revenue that we receive from the police, without going into details?—The total is 287,549 *l.* The first item is the contribution from municipal and other funds, 208,916 *l.*; fees, fines, and forfeitures, 12,115 *l.* Then the railway police; the contribution made by the railway is 35,161 *l.* The railway companies repay that sum to Government. Then there is the municipal Chowkudar fund, which amounts to 3,500 *l.*; that is the sum obtained from people who pay for the services of policemen, firms and others who apply to the Government for a policeman, and pay for it; and then there is a miscellaneous sum of 13,696 *l.*; that is made up of various things, fees for the registry of boats, cattle-pounding fees, and savings of the department.

7787. Have you any reason to suppose that the item of receipt from police will increase?—I am certain that the contributions from municipalities will increase, because very little is got from Bombay on that account, and the Supreme Government has lately called the attention of Bombay to that fact, and it has reduced the police in all the Presidencies of India very considerably. It has not reduced the Bombay police, at least until very lately, but it has told them that they

Sir *H. L. Anderson*, K.C.S I.

20 June 1871.

must obtain from the municipalities a larger contribution. Therefore, under that item I am certain that there will be an increase, but not on the other items.

7788. Then without going into any details about the expenditure under the head of Police, I will ask you whether you have reason to believe that from any recent measures of the Government of India the net receipts under this head will somewhat increase?—Very considerably; they have reduced their police expenditure very much; we have not got the working of it yet fairly; I have no return from the north-west of what they have done; but they have reduced the Bengal police by upwards of 60,000 *l.*, and the Madras police by upwards of 40,000 *l.*

7789. But you can say that generally throughout India you have no doubt that the expenditure on the police will be diminished?—Yes; certainly.

7790. Mr. *Cave.*] Has that reduction in expenditure been caused by a reduction in the number of men?—Chiefly of officers and assistant superintendent; that was a grade that they thought they could dispense with.

7791. Do you think that the efficiency of the force has been impaired by the reduction?—I hope not; I thought it a very perilous thing to meddle with, but I have not heard that it has.

7792. At any rate, you would not recommend any further reduction?—Certainly not; I think they have done the very utmost.

7793. How does that correspond with what I think you stated about Bombay, that they are told to reduce their police?—They have not reduced the Bombay police so much, but they have told the Bombay Government, "This year we will take your estimate and sanction it;" it was 35 lacs, I think; but they said, "you do not obtain a sufficient contribution from your municipalities." They only get, apart from the island of Bombay, 4,000 *l.*, and that 4,000 *l.* is chiefly obtained from Scinde. They hit that blot, and said, "You must obtain a greater contribution from your municipalities: you must make a town pay for its own police."

7794. I thought I understood you to imply that that warning to Bombay would probably lead to a reduction of the force?—No, I do not think so, to a great extent; there is a great difference between the Bengal police and the Bombay police, which is not perhaps sufficiently understood. The Bengal population are a very peaceable population indeed; they make their contribution to crime, but it is a very different kind of crime from what the police have to deal with in a repressive manner. Now, Bombay is inhabited by very warlike races, and you must have a strong police there. I fancy therefore the Government of India a little shrank from reducing the Bombay police; but they said to the Bombay Government, "You must get contributions towards it from the municipalities;" which I think is proper.

7795. Are the police chiefly natives?—Entirely, except a few officers, and a very few European constables.

7796. Mr. *Fawcett.*] Then you think, with reference to a question which you have just answered about the net receipts, that, correctly speaking, the expenditure greatly exceeds the revenue in the department?—I only took the question as the honourable Member meant it; upon the balance of receipts and expenditure can you show that the Government will gain; and I think they will gain not by increasing the receipts, but by reducing the expenditure.

7797. It is more correct to say that there is a reduction of expenditure then?—Certainly.

7798. As I understand this charge upon municipalities, which represents the chief source of revenue of this department, it is chiefly a repayment; the Government supplies municipalities with police, and the municipalities pay towards that?—Yes.

7799. They farm the police, you may say?—You cannot say that they farm it; I do not think that is the proper expression; it is that the Government say to a municipality, "We find that out of our police corps in that district so many men are required for your town, now we must trouble you to pay for those men."

7800. And your evidence would show that hitherto some of the municipalities have not paid sufficient?—I was speaking then of the Bombay side, where the Government of India gave that order; they have not paid at all, you may say, with the exception of Bombay proper and the towns in Scinde; the municipalities have paid nothing for the police.

7801. Why do you think that a municipality should pay partly for the police, and not country districts?—Because country districts have the shetsundees, a sort of rural constabulary, paid by lands; they hold lands on the condition of performing service; it is a very rude kind of proceeding; but it has existed from time immemorial, and they sufficiently protect all the rural districts. But I think that when you collect capital into a town you require an insurance, and for that insurance people must pay.

7802. Mr. *R. Fowler.*] Do the police consist of old soldiers?—No, not generally. I remember that when a new corps was got up they drafted some soldiers into it, but I think it was rather the feeling of the commandant; he came from a regiment, and wanted some of his own men down there; but they are not soldiers as a rule. Indeed the corps I allude to was rather what is called a local corps than a police corps.

7803. Then are they under the direction of the military officers?—On the Bombay side only, with two exceptions, but on the Bengal side it is the other way; the Government have said they cannot spare the officers, and they choose the officers out of the uncovenanted service. That supports the remarks I made before; that does very well for Bengal, but I think that you require military officers for Bombay; they are half a military force, and they require to be led, although I am bound to say that the two gentlemen of the uncovenanted service, who were superintendants of police in Bombay, were I think the two best; but, as a rule, I think a superintendent ought always to be a military officer there.

7804. Mr. *Candlish.*] Do you know the number of police there are in India?—I can give them for each province. In Bengal the number of regular police is 31,709, and of village police, 186,110.

7805. Mr. *Eastwick.*] When you say Bengal, do you mean the Lower Provinces?—Yes; there is a Return which was moved for in the House of Commons some years ago by Lord William Hay, which would pretty nearly represent what it is now.

now. In the Mofussil of Bombay, the number is 15,770 regular police, and in the island of Bombay itself, 1,350. Then there is an immense number of the rural constabulary; I have no return of that; and in Scinde there are 3,502 of the regular police, and in Aden 133, so that altogether there are 20,815 for Bombay, including Scinde and the island of Bombay. Then in Madras there are 23,433.

7806. And no returns of village police?—No returns of village police.

7807. Mr. *Candlish.*] What is the cost taking the totals?—I have got 36 lacs, that is 363,732 *l.* for Madras.

7808. For the whole of India it is nearly 3,000,000 *l.*, is it not?—It is 2,434,735 *l.*

7809. Does that include the village police?—Not those who are paid by land, who render service for land. The 2,434,735 *l.* is the total cost of all the police in India excepting those paid by land.

7810. Mr. *Eastwick.*] Then those 186,000 in Bengal are paid by land, are they not?—Not entirely.

7811. Could you give the exact number of those who are paid by the 2,434,735 *l.*?—I could calculate it, but I could not give it at the moment; I could ascertain. The 186,000 cost 351,424 *l.*

7812. Could you put in a tabulated return showing exactly who are paid out of this sum of 2,434,735?—Yes.

7813. Do you think that the police system could be extended to any other provinces in which it is not existing, for instance take Kattywar; do you think that we could extend the police system there, and withdraw our troops?—I think we have only half a regiment in Kattywar as it is.

7814. Do you think that we could extend our police there at all, and withdraw any of those troops?—Our revenue from Kattywar is derived by tribute, and it is made up of a tribute paid by native chiefs, partly to us, and partly to Guicoway.

7815. Has it not been contemplated at all to extend the police system there?—In Bhownugger they are getting up a police, paid by the native state. The political agent is endeavouring to induce the Kattywur chiefs to employ a police more disciplined than they are now, but I do not think you could quite withdraw that half a regiment that you have there, it is an enormous peninsula.

7816. Is there any other province where the police system could be extended?—It could be extended to every part of India, with the greatest advantages, if the native chiefs would allow it; it is an admirable system.

7817. Have there been any discussions with or applications from the native chiefs on that point?—No, I am not aware of it, except in Kattywur.

7818. Mr. *Candlish.*] Have all the police of India military drill?—Some of the corps have and some have not; every man is taught a certain amount of drill, but not a complete drill.

7819. Mr. *Lyttelton.*] Is it on the model of the Irish system of constabulary?—I fancy so; they say with regard to a policeman, that you can over-drill him very easily, and that if you over-drill him, he cannot act by himself, and therefore the thing to be aimed at, is to give him a knowledge of the use of his weapons, whatever they may be, and that is all, so as to enable him to act alone; but some police corps are drilled because they are almost military bodies, the Kundeish Bheel Corps, for instance.

7820. Mr. *Dickinson.*] Are there any mounted police?—Some, not a very great number, but the Government of India have been reducing them.

7821. Mr. *Beckett Denison.*] Can you tell the Committee the comparative cost of a thousand men of the police compared with a thousand men of the native army?—The pay of a policeman begins at five rupees a month and goes up to six, and the pay of a sepoy is seven rupees a month.

7822. And also the officers of the police are paid less?—No, but they are fewer.

7823. Mr. *Grant Duff.*] Will you shortly give us an explanation of the educational receipts?—The total receipts for education are 74,889 *l.* for 1869-70; that is made up in this way. There are fees and contributions, endowments you may call them, amounting to 42,648 *l.*, the sale of school books 26,474 *l.*, fines and miscellaneous, 1,691 *l.*, and entrance fees of Calcutta University, 3,987 *l.*, making a total of 74,889 *l.*

7824. Mr. *Faucett.*] Is the 26,000 *l.* for the sale of school books, the gross or the net receipt?—The honourable Member is quite right in asking the question, because in some it is the net, and in some the gross. For instance, Bengal is put down at 204 *l.*, Bombay at 10,457 *l.*; that is because one puts down all it sells, and the other only puts down what the receipt is above the sum advanced from Government.

7825. Do not you think that it would be advisable, and could not something be done to prevent these rather extraordinary differences in the account?—Since this inquiry commenced, I spoke to the financial secretary, and proposed to the financial secretary to send out instructions that all the expenditure should be furnished on the one hand and all the receipts on the other. For instance, in this education return only 74,000 *l.* is put down for the total; that leaves out of sight the enormous sum now got for education from local funds. The total cost of education in India is 1,210,076 *l.* for the year 1870, of which 622,575 *l.* is from Imperial funds, and 587,501 *l.* from local funds; but this account does not put down what is got from the local funds in that way, because all money thus obtained is spent. The proportion of the expenditure from local funds is 587,000 *l.*

7826. Mr. *Cave.*] Are those local funds obtained from a cess upon land?—They are in Bombay, the North West, Oude, the Punjab, and Madras, not in Bengal yet. Bombay takes one anna outside the assessment; that is to say, if a man is assessed at one rupee, we will say, they take the one rupee and then they take another anna.

7827. But in Bengal it is not a cess?—No; there is a great discussion still going on on the question whether you can assess land under the permanent settlement.

7828. But how do you get the money for education now from Bengal?—In Bengal they get a very large sum from fees. The rural population there are much more wealthy than they are in Bombay.

7829. Mr. *Denison.*] But at present, unless special instructions are sent out from England, a very large sum now debited to local funds, both revenue and expenditure, will escape the purview of Parliament, that is to say, that expenditure will

Sir *H. L. Anderson*, K.C.S.I.

20 June 1871.

will not find a place in the account submitted to Parliament?—I do not think it will.

7830. The administration of local funds, road funds, and so on, I think, does not form a part of the accounts laid before Parliament?—Educational cesses are shown in the departmental account. I do not know whether they are shown in the Parliamentary accounts.

7831. Mr. *Fawcett.*] The accounts that you are referring to now are those which we, as Members of the House of Commons, have to obtain our opinion from as to the financial position of India, are they not?—Yes; but of course they have not entered in these accounts the sums received from local sources, because they are all spent, as it were.

7832. Referring again to that item of 26,000 *l.* for sale of school books, I think, if properly examined, it will illustrate the system; that 26,000 *l.* is entered as sale of books, but it really shows nothing whatever; in one case it is a gross receipt, and in another part of India it is a net receipt; therefore it does not tell you how many books the Government have sold, or whether they have realised a profit or loss from the sale of those books?—No, it does not.

7833. Therefore an account of that kind is really worthless, and it tells you nothing?—I would not quite say that, because the departmental account can always be obtained.

7834. But what I want to get at is this: for instance, I have not the privilege of examining you at any time, and unless I make a special application for departmental accounts, these now before us are the accounts from which I must draw my conclusions?—Yes.

7835. Therefore I say that this account tells you nothing whatever with regard to that item; is it not so?—I do not think that it tells you nothing whatever, but it tells you the story very imperfectly.

7836. I suppose the object of the Government is not to make any profit out of the sale of books, but to meet risk of loss and so on?—Yes.

7837. Do no accounts except the departmental accounts show the local contributions for instance to education?—The departmental accounts show them, but these do not.

7838. So that really these accounts would produce the erroneous impression that something like 500,000 *l.* a year less was spent in education than really is?—I do not think that the education account could mislead anybody; they have put down the whole educational revenue at 74,000 *l.*, and that is absurd, of course.

7839. I mean the expenditure not the revenue; what is put down there as the expenditure; I will not enter into the policy of the expenditure; but simply as a matter of account, what is it?—£.868,626; but that includes items which do not properly belong to education, and are now separated; science and art is taken out of education now.

7840. Therefore there is nothing in those accounts to indicate the local contributions to education?—Not in the Finance and Revenue Accounts, certainly; I told you that the total local expenditure was 587,000 *l.*

7841. Mr. *Bir'ley.*] Is there any general system of assessment for local burdens?—Yes; but it is not uniform; for instance, the North West Provinces used (there has been a little alteration) to divide the local expenditure into two parts, one of which the Government paid, and one of which was paid by local cesses. But now they have altered that, and where the Government took 50 per cent. it now takes 55 per cent., and out of the odd 5 per cent. it pays for roads, education, and other local expenditure.

7842. What is it in other provinces, in Bengal, for instance?—In Bengal they have not got it yet; there has been a great discussion about it, and it is not finished yet.

7843. But they do raise local rates in Bengal?—The municipalities do; it is done by committees; they raise a local revenue.

7844. But for municipal purposes?—Yes.

7845. Are they incorporated cities, as we should call them?—No. There was an Act passed several years ago, and any municipality may apply to have a committee appointed under that Act. Bombay takes one anna on the assessment, and that one anna is divided in the proportion of two-thirds to roads and repairs, and one-third to education.

7846. Does that mean that if the assessment is a rupee, an anna is added to it?—Yes.

7847. Very much like the French system of the additional centime?—Yes.

7848. Are there any other variations in India?—I think the Punjab takes 2 per cent., and Madras takes 2 per cent on the assessment.

7849. Mr. *Lyttelton.*] How do the people bear these burdens for educational purposes?—I have never heard any complaint in Bombay, that is because the assessment is very low there under the revised settlement, but they have recalcitrated very much in Bengal, even at the mere idea, because they have a permanent settlement.

7850. Mr. *Fawcett.*] How do they obtain from Bengal, if they cannot levy it on land, this local contribution to the educational fund at the present time?—Very largely in this way, that being a much more wealthy population than any other part of India, they are much more ready to pay fees.

7851. But is there nothing that will at all bear the character of an educational rate extending over the Presidency of Bengal?—Not yet; the matter, as you are aware, is under discussion. Then the municipalities, I think, pay something. They have there what is called the grant-in-aid system, which differs a great deal in different parts of India. In Bengal the town or the place makes a petition to the Government, and says, "We want a school, we will give a building; or we will pay half the expense of the building, and we will subscribe and guarantee so much money." The Government then takes the petition into consideration, and makes a contribution according to the want of the place. It never goes beyond an equal sum to what the place itself has contributed.

7852. But then what it comes to is this, is it not, that if really an educational rate or tax is levied in Bombay and other parts of India and not in Bengal, Bengal at the present moment pays less than its share of taxation?—Yes.

7853. Suppose that those views prevail, in consequence of the permanent settlement in Bengal, that it would be unfair to obtain an educational rate by increasing the assessment on land, has there been any other suggestion made as to how you could obtain it?—I ought to mention that what you want to meet is, primary education, education of the masses; and some persons proposed

posed to do that by levying an educational cess. The road cess was a good deal objected to; but I think, as to the road cess, that the old zemindars were bound to keep up communication between the different villages; and that the Government will no doubt get. The educational cess is a greater difficulty, and is still under consideration. What the municipalities pay for are not quite primary schools, but schools of a higher kind, and what you therefore want in Bengal, if you can have it, is to get a fund for primary education. In Bombay they have a different system; they have the English system of payment by results, and they pay according to the number of pupils that the schoolmaster can educate up to certain prescribed standards. I think that there are six standards, but they only begin with the fourth They get so much a head for each pupil at the fourth standard. If a man can educate three pupils to pass an examination in the fourth standard he gets 10 rupees for each, and also a capitation of two on each head. Then for the third, it is higher; and then there is the matriculation. In Bombay they pay in that way by payment for results; but in Bengal it is by petitioning Government to make an equal contribution to theirs, or any sum in aid of their contributions.

7854. But as I understand you, the reason why you cannot levy or hesitate to levy this educational cess in Bengal is owing to the permanent settlement?—Yes.

7855. Then if this hesitation should continue, or the opinions of those prevail who think that it ought not to be levied in consequence of the permanent settlement, you would be unable to obtain, would you not, this assistance which you think necessary for the education; there is no other means of obtaining it, is there?—No; the people say, "You have made in Lord Cornwallis's time a contract with us to take so much, and no more, from us on account of our lands: and taking an educational cess from us is a breach of that contract. The Imperial expenditure in Bengal on education is about 18 lacs, and what they get from private sources is only 13. Now, in Bombay, they get more from the local funds than they do from the Imperial Exchequer.

7856. I have put these questions as indirectly having an important bearing on the permanent settlement; and we come to this, that the existence of a permanent settlement in Bengal may create very serious obstacles to the education of the people?—It has done so I consider; but I have very considerable confidence in the present Lieutenant Grovenor of Bengal, who is a man of great ability, Mr. George Campbell. He does not want to press this question of the cess at all, but he hopes to be able to take the people with him, that they will assess themselves for education; and that he will get something out of them in that way. I hope that that will be the solution of the whole difficulty.

7857. Mr. *Cave.*] Does the Government assist any except primary schools?—It is just the other way; the bulk of the expenditure is upon the higher education not upon primary schools.

7858. Are there different sorts of education given in the same school, and are the different classes educated together?—They are schools which are Anglo-vernacular; that is the term, and they include both.

7859. And different classes are educated in the same school?—Yes.

7860. Then, practically, I suppose the fees paid by the richer classes contribute towards the gratuitous education of the poorer; is that the case?—No; I think that the Government contribute to the gratuitous education of the poorer classes.

7861. The fees paid by the richer classes do not pay more than for their own education?—No; they are comparatively very small; they range from half an anna in a primary school, to 10 rupees in the university, a month.

7862. Is there any unassisted education in the upper classes; I mean are there any schools in which the upper classes pay for a superior education for themselves?—No, it is open to all; there are what are called high schools, and the fees really are so low that most of them can pay them.

7863. I mean are there any schools besides Government schools?—There are what are called indigenous schools; there are a great number of private schools which are aided by grants-in-aid.

7864. But are there any private schools purely speculative and not aided at all?—There are several which are not aided, but are inspected.

7865. And those get no aid from the Government?—They get no aid from the Government.

7866. Many of the natives in India are very highly educated indeed, are they not?—Yes; education given in Government schools is the best.

7867. Mr. *Bourke.*] With regard to the question asked by the honourable Member for Brighton as to the permanent settlement in Bengal, now, do you think that the permanent settlement would prevent us from taxing land for educational purposes?—Well, I hardly like to give an opinion; you know I am not a Bengal civilian; but I confess that I cannot get over the difficulty myself. I think that the permanent settlement is a bar.

7868. Whether the settlement has been for 20 years, or whether the settlement has been for 30 years, would your opinion equally apply during that 20 or 30 years as it does to the permanent settlement?—You are probably alluding to Bombay and the 30 years' settlement. I think, as a matter of exact right, that you have no more right to take an educational cess during the 30 years from Bombay than you have from Bengal during the permanent settlement; but then the Bombay rates, under the revised assessment, are so low, so infinitely advantageous to the ryot that he was very willing to pay it, because he knew that if he did not pay it then, he would have to pay when the term was out.

7869. Mr. *Dickinson.*] The honourable Member for Brighton called your attention to the difference in Bengal and Bombay and the North West Provinces, with reference to the education cess, it being considered local in the one case, and there being no contribution in the other; do you consider the education cess to be a local contribution?—Certainly it is for local purposes.

7870. Is it a local contribution from local funds; what I mean is this: you were asked just now whether Bombay, for instance, did not pay more for education than Bengal, because there was a local cess for education in Bombay, and there could be none in Bengal, on account of the permanent.

Sir *H. L. Anderson*, K.C.S.I.

20 June 1871.

manent settlement?—There are local funds in Bengal, but there is not a cess.

7871. The point which I wish to bring before your attention is this, whether you consider that the educational cess paid out of the land is a local or an Imperial contribution?—A local one, because it is applied to local purposes.

7872. Does it arise from a local source of taxation, or from an Imperial source of taxation?—It arises from the same subject matter as the Imperial one, because they are both taxes on land.

7873. In the North Western Provinces, you see, it is actually taken as part of the Imperial taxation and repaid; so that, in point of fact, the contribution to the local cess is in truth a contribution to the Imperial revenue, and not to the local revenue; if that is a true description to apply to it, of course you could not raise it in Bengal where the permanent settlement applies; therefore I ask, do you consider it a local or an Imperial revenue?—It is derived from the same source as the Imperial revenue, but it is applied to a local purpose. The Government cannot get any benefit from it; the Imperial revenue is that which goes into the local exchequer and is spent for Imperial purposes.

7874. Mr. *Fawcett.*] But is not it a sum which might be devoted entirely to Imperial revenue, and which is partly devoted to local purposes. That describes it exactly, does it not?—No; the Government of Bombay have said, "We will take a rupee for the land revenue, and that rupee is to go into the Imperial Exchequer for Government purposes." It then says, "Now, for your own good you are to pay another anna, a seventeenth anna; but we are not to gain any advantage from that, that is to go to local purposes."

Friday, 23rd June 1871.

MEMBERS PRESENT:

Sir Thomas Bazley.
Mr. Beach.
Mr. Bourke.
Mr. Candlish.
Mr. Cave.
Mr. Crawford.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Sir Wilfred Lawson.
Mr. Lyttelton.
Mr. M'Clure.
Mr. J. B. Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

MOUNTSTUART ELPHINSTONE GRANT DUFF, ESQ., IN THE CHAIR.

SIR HENRY LACON ANDERSON, K.C.S.I., re-called; and further Examined.

Sir *H. L. Anderson*, K.C.S.I. 23 June 1871.

7875. *Chairman.*] I BELIEVE you wish to make an explanation with reference to some of your former answers respecting registration fees, stamps, and postages?—Yes, there was an item in the registration fees which there was some little discussion about on the last occasion. I said that it was a gross receipt, and the honourable Member for Brighton suggested that it was only the net receipt and the accumulations; and I was staggered at the moment, because, at the top of the item I saw the words, "Fund and Fees." But I have looked into the matter, and I find that I was quite correct originally; that it is the gross receipt, and that the accumulations are not entered into the account. And there was one other explanation which I wished to make in justice to the honourable Member for Brighton, on another subject. I said that 7½ rupees per cent. was the total sum that the suitor had to pay to Government, but I forgot, for the moment, one item, which I will now mention. If a man appears by his representative, that representative has to produce a written authority, and that written authority must be upon stamped paper, at a fixed duty of 8 annas. It is not necessary that a man should have a representative; I fancy, in the very small suits in the lower courts, the man does not appear by representative, but in person; and, therefore, that expense would not come upon him. I had overlooked that 8 annas which the man pays for the paper on which the authority to his vakeel is written. Then the honourable Member for Falmouth asked me whether the sepoys' letters went free. They do go free; but, since the honourable Member was in India, the franking is done away with. Now the sepoys' letter is stamped by the commanding officer, and at the end of the month he recovers the stamps, so that those letters substantially go free.

Mr. WALTER R. CASSELS, called in; and Examined.

Mr. *W. R. Cassels.*

7876. *Chairman.*] YOU have been long in India, I think?—I was there for about 10 years.

7877. In what part of India?—In the Bombay Presidency.

7878. You were a merchant there, I think?—I was a merchant.

7879. And are you still connected with India?—Not at all; I am not in business.

7880. Did you serve in any public capacity there; were you in the Legislative Council?—I was in the Legislative Council; and I also, at the request of the Government, wrote a history of the cotton cultivation in the Bombay Presidency.

7881. To what particular matters do you come to-day to speak?—I shall be happy to give any information in my power that the Committee may desire; I have not been particularly informed as to the object of my examination.

7882. You have given a great deal of attention, of course, to the Indian tariff?—Yes.

7883. Have you any suggestions to make for its amendment, either for the purpose of making it press more lightly upon the taxpayer, or else for the purpose of producing better receipts?—With regard to customs (in the first instance, I suppose, you speak of them), I think that the import and export duties are extremely unadvisable. They hamper the trade to a very considerable extent, without producing any very large revenue for Government.

7884. Would you go the full length then, of abolishing all import as well as all export duties?—Certainly.

7885. But supposing that Government did not see its way to so strong a measure as that, what particular export duties are there, and what particular import duties are there, of which you think there is most reason to complain?—All being objectionable, it is rather difficult to point out the most objectionable; but I should think that, for instance, an import duty of 5 per cent. on Manchester piece goods, and of 3½ per cent. upon yarn, is an objectionable tax; it limits consumption, and it hampers trade very much.

7886. With regard to export duties, which do you think most objectionable?—Well, with regard to the export duties, I can scarcely point out any in particular. The only ones that I can name now would be, for instance, the duties upon grain; and I think some of those press very heavily indeed upon different parts of India. The first that occurs to me, is the duty upon rice. I remember to have seen the petition of the

Mr. *W. R. Cassels.*

23 June 1871.

merchants at Akyab, which shows that the duty upon rice amounts to 14 per cent. of the price paid to the grower; and I am afraid that this duty is very nearly crushing the trade.

7887. But now, confining yourself to the parts of India which you know personally, can you point to any export duty which you think is specially obnoxious?—I think that, upon oil seeds and all other seeds, it is a great pity to have a duty; you cramp the development of the export trade of India; and I suppose that the productiveness of the country, the excess of production over consumption, is the key to the prosperity of India.

7888. Do you think that if there was no export duty, oil seeds would be largely exported from the Bombay Presidency?—It would tend, of course towards that.

7889. Have you any reason to think that they would except your general impression?—No, except that they are burdened by charges which, of course, render them less able to compete with seeds from Russia and elsewhere.

7890. You cannot point to any particular seeds which you think would be largely exported if there were no export duty on oil seeds?—Not absolutely.

7891. May I ask you if you think that we should sweep away export and import duties in India only, or do you belong to the not very large, but certainly very important, school of financiers, who are opposed altogether on principle to customs duties; would you be opposed to customs duties in this country?—I should be opposed to customs duties in this country upon articles of trade where the duty would amount to a protective duty. Now that is the case with the import duties in India. I consider that they are protective duties, enabling the Indian manufacturer, for instance, to compete with advantage against the Manchester manufacturer.

7892. Do you know the views that are advocated in the newspaper called "The Financial Reformer"?—I do not think that I have ever seen it.

7893. But you have no practical suggestion to make to us with regard to the Indian customs, except to sweep away import and export duties altogether?—No.

7894. And you are confident, I suppose, that if we did so we should sooner or later be recouped by the increased prosperity of the country?—Certainly.

7895. And by the power of the population to bear other taxes?—Yes, I feel quite confident of that.

7896. Sir *D. Wedderburn.*] I suppose that the export duty upon rice and other grains of which you spoke works badly in times of local scarcity and famine, by preventing the free transport of grain by sea from one part of India to another?—No duty is now charged on grain shipped from one port to another in India.

7897. Mr. *Beach.*] If all the duties were to be swept away, have you given your attention to any mode in which you would make up the deficiency in the revenue which would ensue?—In the Bombay Presidency I think that the amount which would be lost, which, I think, is only about 750,000*l.*, might be made up in an increased land tax.

7898. But where the permanent settlement is in force, what then?—The permanent settlement does not apply to Bombay.

7899. But you must take the whole of India into consideration; where the permanent settlement has been made, no increase could be expected from that source?—No; and that would be one reason for doing away with the permanent settlement, if it were possible.

7900. But you would have, would you not, to apply the same system to the whole of India, if you swept away the import and export duties?—Undoubtedly; but I think that the amount of the duty is so unimportant that it could very easily be recouped in another form.

7901. Mr. *J. B. Smith.*] Are you aware that the income from Customs in the year 1870-71 amounted to 2,655,000*l.*?—Yes; the gross income.

7902. And that that forms more than five per cent. of the income of India?—Yes; but there is a very considerable deduction to be made for expenses.

7903. The expenses of the Customs are put down here at 192,000*l.*?—Yes.

7904. Do you think that it would be judicious, on the part of the Indian Government, to give up so large a revenue without some substitute for it?—Certainly not.

7905. And what substitute would you propose?—Well, it is rather difficult to say at once, but I have indicated one source. In the Bombay Presidency, for instance, I consider that the revenue from the land ought to be considerably greater than it is.

7906. But is not the land of the Bombay Presidency assessed for a certain period, or on a 30 years' assessment?—A great part of it; but the re-assessments are commencing now. It was a 30 years' settlement; and a great many of those assessments are falling in now.

7907. But you are perhaps aware that there are other items in the Government receipts which are of a doubtful character, and which render necessary these increased receipts from land revenue; I refer particularly to opium?—Certainly; there is no doubt that that is a very precarious income indeed.

7908. Taking all these circumstances into view, would it be judicious, on the part of any Government, to interfere with the Customs' duties at present?—I cannot think that anything is judicious that cripples the trade of the country.

7909. Have you any evidence that it does cripple the trade of the country?—It is very burdensome upon trade as a mere matter of trouble. I think that if the duty upon all articles which do not yield a revenue above 10,000*l.* were done away with, there would only remain 20 articles subject to Customs' duty. This shows that for anything that you send out of the country, or import into it, there is a process to go through which is extremely burdensome.

7910. What are those articles?—I can scarcely mention the whole of them; but I know that what I state is the fact.

7911. You have stated that you thought that the duty on the import of cotton goods from England was an impolitic duty?—Yes.

7912. Because in your opinion it is a protective duty?—Yes.

7913. Now supposing that that duty amounts to 5 per cent., if 5 per cent. were also levied upon the Indian manufactures, that would put them all on the same footing, would it not?—It would so far.

7914. As the Government cannot afford to lose

lose any revenue, if this duty be complained of as a protective duty, then would not the best plan be to lay a similar duty upon Indian manufactures?—No; I am not prepared to advise that at all. I think that they might make up the loss of duty in other ways that would be less hurtful to the country.

7915. But you have not pointed them out, as I understand?—But I may show the impolicy of the present system without being prepared at once to tell you what new taxation to adopt in India; that is the duty of the finance minister.

7916. You have paid some attention, no doubt, to the cost of the transit of the different articles of produce in India?—Yes.

7917. Before the introduction of railways, the cost of conveyance of every kind of produce was very considerably more than what it is at present?—Yes.

7918. Now take the article of cotton: you are aware that India has to compete with America; you are aware that in America, in most of the cotton districts, there are large rivers, by means of which the cotton is conveyed at very small expense; now do you think it is possible that India can compete with America if they have to pay four or five times the amount for the conveyance of cotton to the port of shipment that the Americans have?—Certainly not.

7919. Then under those circumstances do you not think that, where it is practicable, the same means should be adopted in India that there are in America, of making the transport very cheap?—Certainly; it is the most important thing to be done in India; and I may mention, perhaps, that I bear this in mind in recommending the abolition of the export and import duties; I am not prepared to say that the Indian Government is not able to give up those duties; I think they are.

7920. Are you acquainted with the River Godavery which leads into the cotton districts of Berar?—I know it.

7921. That river you are perhaps aware is not at present navigable, but a portion of that work is completed?—Yes.

7922. Now if by means of that navigation the growers of cotton in India were able to transport their cotton to a port of shipment as cheaply as the cotton growers on the Mississipi can take their goods to New Orleans, would not that enable the cotton growers in India better to compete with the Americans?—Certainly; I think that it is owing entirely to the rapid progress which has recently been made in the construction of railways into the cotton districts, and also, to a smaller extent, of roads, that India has been able to send as much cotton as she has done.

7923. By means of the railway from Bombay?—The Baroda Railway and the Great Indian Peninsula Railway.

7924. The railway from Bombay to Berar?—Yes, the Great Indian Peninsula Railway.

7925. That has enabled the producers of cotton to send their cotton by that railway instead of sending it 500 miles on the backs of bullocks?—Yes, the bad condition in which Indian cotton always formerly arrived at market was due to the deficient means of transit.

7926. But must not the expense of carrying cotton on the backs of bullocks 500 miles be very large?—Enormous.

7927. Are you aware that in reference to the cotton from Berar it was more than the value of the cotton?—Yes, I believe it was.

7928. And although the railway is made from Bombay to Berar, the cost of conveyance is perhaps three or four times as much as it would be by means of the river?—No doubt the transit by river would be more economical.

7929. Then, is it your opinion, that it would be an advantage not only to the growers of cotton but to the Indian Government, if that river was opened and a cheap conveyance was made?—Most certainly.

7930. Because it would enable the population of those districts to obtain supplies of different commodities, besides helping the trade in cotton?—Certainly.

7931. Take the case of salt; are you aware that salt in the Central Provinces is dearer than in any part of India?—Yes, I am.

7932. And that that is solely owing to the expense of carriage?—In great part.

7933. And you are aware also that there have been great discoveries of coal made on the banks of the Godavery and in Berar?—Yes.

7934. And that it is known that there are large deposits of iron in that district?—Yes, I am aware of it.

7935. Then under those circumstances, if the Indian Government want to increase the revenue, is it your opinion that one of the best means of doing so is to develope the resources of a country like that by opening out the rivers?—Most certainly.

7936. And would you think it desirable for them in such a case, instead of opening out the rivers, to make a railway?—It depends of course upon the amount of expenditure required to open out the rivers; I think that the more rapid and the less expensive the means of transit the better for the country.

7937. But if you were told that a river could be opened for 2,000 *l.* a mile, do you think that any railway could be made for that?—No, certainly not.

7938. And you are aware that a river can carry an illimitable amount of commodities?—Yes.

7939. And that the amount sent by a railway must necessarily be limited?—Yes.

7940. Especially when that railway is one line of railway?—Yes.

7941. Then is it your opinion, that if the Indian Government want an increase of revenue, the best way of getting it is to take courses like that of opening up the country, and giving the people the means of consuming taxable commodities?—Yes, that is one means; I consider that all works of that kind in India are reproductive works.

7942. And that in the end the works, in fact, will cost nothing?—They will cost much less than nothing; that is to say, they will bring a profit to the Government.

7943. You are aware that the great Ganges Canal, which has been so many years in construction, is now paying 7½ per cent. per annum?—Yes.

7944. But is not that a very small part of the advantages that we derive from that river?—Very small. I do not know whether you remember Colonel Baird Smith's Report on the Famine of 1860. He showed that while the profit to Government under the permanent settlement was extremely small from these canals, as a means of irrigation, the profit to the zemindars resulting from them was enormous. Taking four

Mr. *W. R. Cassels.*

23 June 1871.

estates from the canal villages of the Meerut district at settlement, and at that time, he found that the total area irrigated at the settlement was 2,599 acres, and in 1860-61, 8,362 acres; of unirrigated 4,567 acres at settlement, and only 541 acres in 1860-61. The Government revenue which was fixed amounted to 27,699 rupees, but the gross produce of the four estates, which had been 73,850 rupees at settlement, had increased to 140,114 rupees, or an average of 89¾ per cent. On one of the estates the per-centage of increase is stated at 123. At settlement the average revenue rate on the irrigated area was *Rs.* 11. 9. 2., and and in 1860-61 this had decreased to *Rs.* 3. 8. 6., and on the area of cultivation *Rs.* 3. 12. 7. at settlement had fallen to *Rs.* 3. 2. 8. in 1860-61. That was the result of the irrigation. Then, for instance, on the other hand, taking 17 villages in the district of Saharunpore in 1841 compared with 1860-61, the rent roll of the whole at the settlement in 1840-41 was 16,050 rupees, and in 1860-61 it amounted to 36,970 rupees; but the revenue was 11,609 in 1840-41, while in 1860-61 it was only proposed to increase it to 16,258; the per-centage of increase of the rental was 130 per cent., but the increase of the Government revenue was only 40 per cent. These estates are irrigated from the Eastern Jumna Canal.

7945. And was that increase of 40 per cent. of the Government revenue derived from the irrigation?—It was greatly the result of it, but the rates seem very much mixed up with the revenue.

7946. It being a permanent settlement they could not increase the rent?—Not in the former case, but they charged for the water.

7947. The only way in which they could increase it was by the irrigation rate?—Yes.

7948. Therefore that irrigation is another source of revenue, is it not?—Certainly; it would be especially so in the Bombay Presidency; but of course, under the permanent settlement it was a very small source of revenue to Government; public works do not pay in Bengal as they would in Bombay.

7949. But as far as you know Bombay, you would say that the Government could not make a better investment than in raising money for irrigation works?—Certainly, raising money for that, but not paying it out of taxation.

7950. You would say that being reproductive works, they ought to be executed by means of loans?—Certainly; and that we should borrow money at 4 or 5 per cent. instead of taking money out of the pockets of people who can employ it at 25 per cent.

7951. But is there not another advantage, namely, that when they raise money by loans, they have a sufficient amount on hand to complete the works?—Certainly.

7952. You are probably aware of the enormous cost of the Indian public works in consequence of their being executed out of revenue?—Certainly.

7953. And that, therefore, whenever the revenue falls short, the works have to be suspended entirely at a very great cost?—Yes.

7954. Sir *T. Bazley.*] In the event of the Customs duties being abolished in India, do you think it would be possible to reduce the expenditure of the Government to the amount so reduced, say, two millions and a half?—No, not so much; the cost of the Customs establishments is not so great as that.

7955. The Customs, I think, are productive to the extent of two millions and a half?—Somewhat less; I do not exactly know what the expenses are, but the receipt is something about that, I suppose.

7956. To what extent do you think it would be possible to reduce the expenditure in India by general economy?—If I were asked what I considered to be annual expenditure, I should not class as such the carrying out of public works which are reproductive; I speak, of course, more especially with regard to Bombay, and I cannot conceive that any public work in the shape of a road or a canal is unproductive in Bombay. I consider that it is immediately reproductive, upon the terms of the settlement itself.

7957. Probably you would recommend the adoption of a reproductive public works' account?—Yes, certainly.

7958. You are not aware that such an account does exist in India?—I am aware that it does not at the present moment.

7959. Then, is there any other method of compensating for the reduction of the Customs duties that you can suggest, and supposing they were abolished?—Well, if I may be permitted to say so, speaking always of the Bombay Presidency, it seems to me that the land revenue, put upon what I would consider a perfectly fair basis, ought to compensate, and much more than compensate, for the giving up of the Customs duties.

7960. Judicious investment in public works, no doubt, would increase the general prosperity of the country?—Yes, and increase the land revenue.

7961. Should not those who participate in that increased prosperity contribute to the revenue of the country so as to compensate in some measure for the giving up of the Customs duties?—Undoubtedly.

7962. Then you state that you think the Customs duties can be reduced to prevent the increase of a protective system in India?—I say that they are protective duties. I do not advocate their abolition solely for that reason. I do not know whether you are aware that, for instance, in the Bombay Presidency there are 12 cotton mills employing (a very small amount of course for Manchester) 319,394 spindles, 4,199 looms, and 8,170 hands; consuming, I think, 62,000 bales of cotton of 400 lbs. each annually.

7963. And are those mills returning to the proprietors compensating profits?—Some of them pay very well; they return 8 per cent., 9½ per cent., 5¾ per cent., 7½ per cent., and so on; but I do not think that they are nearly as profitable as they might be.

7964. Is there any tendency to extend or increase them?—Yes, I think so.

7965. Then you would think, as a matter of prudence, probably, that there should be at all events no protective duty in operation?—I think that the system of protective duties is bad; that which cannot protect itself does not deserve protection; and I think that they can protect themselves perfectly well in India.

7966. Have you any idea of the wages paid in those manufactories?—I cannot say what they are. I know that they produce very good cloth and good yarns, although of the lower numbers only.

7967. Is each individual capable of producing by his labour as much cloth and yarn as in the Lancashire or Lanarkshire mills?—No; certainly not.

7968. Wha

7968. What do you suppose to be the daily wages of the people employed?—It would be a guess merely if I named a rate; I have not made it the subject of inquiry.

7969. Would it be half a rupee a day, should you think?—I should say about that.

7970. Mr. *Dickinson.*] Where are these mills?—Some of them are at Coorla, in the immediate neighbourhood of Bombay; three of them are in Guzerat: one at Ahmedabad, one at Broach, and one at Surat. Perhaps I should mention the dates of the establishment of the mills. One of them, the Broach cotton mill, was established in 1854; two of the others were established in 1856; other two in 1860; another one in 1862; then two or three in 1864 or 1865; and the last was established in 1867, at Ahmedabad.

7971. Sir *T. Bazley.*] Is the cloth produced in those mills equal to the cloth exported from this country?—Quite equal in certain goods, and sometimes really preferred by the natives.

7972. Is the cloth starched or fed with clay?—Comparatively speaking, they are very pure made goods.

7973. But the English goods generally are starched?—Yes; there is a great deal of filling in some of them; I do not say in all.

7974. Would it be possible to diminish considerably the expense of the army in India?—I think that if India were entirely opened up by roads, and means of communication were easy, the expense of the army would be diminished.

7975. But the railway system has already given great facility for the moving of the army, has it not?—Yes; but I do not now allude to public works and roads in that sense. I believe that railways have done more in a very short time to civilise India than anything else, and that all that is required to do so thoroughly is to open up the country. If you civilise, of course your army, as a natural consequence, is no longer required to the same extent.

7976. Are you aware that Colonel Kennedy stated, when the railways were being projected in India, that their establishment would very considerably reduce the cost of transporting the troops, and that therefore there would not need to be so large an army in India?—I am not aware that he said so; but I believe it to be a fact.

7977. And that the extension of those works would further increase those facilities, and probably diminish public expenditure?—Certainly.

7978. Mr. *Lyttelton.*] Do you think that if Manchester goods were admitted free, these mills which you speak of would continue to be profitable to the proprietors?—I think so; they have got cotton that has been saved a double journey, in the first place as raw material, and then as manufactured goods. Although the cost of labour in India is comparatively higher than in England, I think there can be no doubt whatever that they can compete with England.

7979. It is the case, is it not, that although Manchester goods pay an import duty, they are largely used in India, and by the mass of the population?—Certainly, very largely.

7980. Did you say that labour was dearer in India than England?—I think that labour is dearer, considering the amount of work that is done by a man in India as compared with that in England, and expenses generally are greater.

7981. Are English articles of clothing at present, in India, cheaper than the Indian home-made articles?—No; they are sold, of course, on a par. The same goods will fetch very nearly the same price; in some cases I have known a higher price paid for the native than for the equivalent English weight of cloth.

7982. Do not the natives show a preference for English goods?—The piece-goods dealers are very intelligent, and know very well the qualities of cloth, and they of course prefer the best and cheapest.

7983. Is it your opinion that the great mass of the people buy some articles of English clothing?—Yes, I think so, very largely.

7984. And that, therefore, the great mass of the population are affected by the import duties on Manchester goods?—Certainly; I may say, however, that sometimes the European alone has borne the import duty. I remember when Mr. Wilson was the Finance Minister, that by sudden announcement, which was made by telegram to Bombay, he raised the duty on piece goods to 10 per cent., and that on yarn to 5 per cent., from the day that the announcement was made, and he inserted a clause reserving the right to merchants who had sold goods to arrive to make the buyer pay the increased duty; but I believe that universally that had to be abandoned, and certainly there was not a rise of 5 per cent. in the price of goods; that was taken out of European pockets.

7985. Then is your objection to import duties mainly because of the burden they cause to the native population, or is it founded upon general economical considerations?—It is a burden; it is a hindrance to trade; it is an expense beyond the duty to English houses. For instance, one has to keep a clerk who is pretty constantly in the Custom House; and there is so much formality with regard to the collection of duties that it is a great hindrance to trade, and of course it increases the price of goods.

7986. Is there any other article in the Customs receipts which is generally used by the mass of the population?—I imagine that the duty upon seeds must affect the mass of the population also to a certain extent in repressing the trade, if it be admitted that the trade would increase in proportion to the cheapening of the article; that is of course a matter of opinion.

7987. Is it your opinion that the poorer classes in India are able to bear any taxation over and above the salt tax?—The great mass of people in India now (I speak of course again for the Bombay Presidency), I think, are extremely well off in comparison with what they were. No one can be in India without seeing the immense improvement in the condition of the people in wealth and otherwise.

7988. Then the poorer classes ought not to be absolutely relieved of this burden; it ought to fall upon them in some other way?—I think the salt tax a very heavy burden upon the poor, and that the people of India are not quite equally taxed; the rich escape a great many taxes which fall upon the poor; it is very difficult to avoid that, but I think it is the case.

7989. You do not think that the great mass of the population should be taxed over and above the salt tax?—Yes, I do; that is to say, I think there is no reason against it, but I say that there is a great deal of money to be got from the rich in India.

7990. But if you take off all import duties, and compensate for that relief by adding to the land revenue, you will be absolutely relieving the poorer

Mr. *W. R. Cassels.*

23 June 1871.

poorer classes in India, will you not?—I beg your pardon; I do not consider the land revenue a tax at all; it is rent.

7991. As to the income tax, do you think it would be right to compensate for the relief afforded by the remission of import duties by an income tax?—I think that the income tax is a very unpopular tax in India, chiefly on account of its inquisitorial character of; but I do not think it is an objectionable one provided you do not go too low; I think that incomes of a certain amount may fairly be taxed through the income tax.

7992. You seem to think that the poorer classes are not too heavily taxed, and yet, as I understand, you do not propose to tax them in any way when you have relieved them of the burden of the import duties?—I am not sure that you require to tax them; if you had to provide money for the expenditure of India, I have no doubt that means could be devised; but I do not see the propriety of these taxes; I think them injudicious; I do not say that some other tax may not be judicious, but I think that those in particular are injudicious, because they hamper trade and interfere with the prosperity of the country.

7993. Mr. *Eastwick.*] I do not think you have stated yet the period at which you arrived in India, and the time at which you left it?—I arrived in India at the beginning of 1856, and I left in 1865 finally, although I went back for two or three months in 1867.

7994. And how long were you in the Legislative Council; when did you enter it?—In the beginning of 1864.

7995. Then you were two years in the Legislative Council?—No, about a year.

7996. Did you go up the country at all; have you visited Gujerat?—Yes.

7997. What parts have you visited?—I have visited Gujerat, particularly Ahmedabad, also the Ahmednugger and Poona Collectorates, and in the centre of the Bombay Presidency, Sholapore, and southward towards Dharwar, as well as other parts.

7998. Were those merely pleasure trips?—They were merely pleasure trips, although undertaken for the purpose of studying India.

7999. You saw something of the agriculture?—Yes, I did.

8000. You spoke of the benefit that there would be in taking off the export duties to the production of seeds; did you see any produce of seeds in your journies?—Yes, a considerable amount.

8001. And you are aware that those districts that you visited export considerable quantities?—Yes.

8002. What particular seeds?—Linseed, rapeseed; in fact, the whole country where I was was one waving mass of seed and cotton.

8003. And do you think that if the export duty were taken off there would be a still greater cultivation of those seeds?—I do not say that, because I think that cultivation in the Bombay Presidency has very nearly gone to its extreme, though probably in other parts of India that is not the case. In the Central Provinces no doubt it can be extended; but I think that there is very little absolutely waste land in the Bombay Presidency, excepting in Kandeish.

8004. So that as far as Bombay itself is concerned, there would not be any great effect produced by taking off these duties?—Not in the export of seeds from the Bombay Presidency, although there would be some.

8005. During the time that you were in the Legislative Council was this subject discussed much, were any changes made, and did the native members of the Council refer to the subject of altering the duties?—No, not at all; there were no changes made in the Customs during the time I was in the Legislative Council, and there was no discussion whatever upon the subject.

8006. During the time you were there the Customs rose very considerably, I observe?—Yes; because the trade increased enormously.

8007. And I suppose that the rise was principally in the import duties?—Yes; in the import duties.

8008. The rich natives in Bombay now, I suppose, consume great quantities of European goods?—Throughout the whole of India. The increase in the wealth of India, and especially of the Bombay Presidency, has been so great that people are able to spend a great deal more money than before. I do not know whether it would be of any interest to you to know the amount of bullion imported into India.

8009. Will you state that?—In the first place, I may say that the trade of Bombay is considerably larger than that of Calcutta.

8010. Mr. *Dichinson.*] Both export and import?—Both export and import. The trade fell off to a certain extent for a short time; at one time it was very much larger than that of Calcutta. But taking for instance, the years from 1867 to 1869, the returns of the Bengal and the Bombay import trade were respectively as follows: In 1867, the whole of Bengal 18,976,850 *l.* sterling and Bombay 19,372,955 *l.*; in 1868, Bengal 21,840,163 *l.*, and Bombay 20,476,046 *l.*; in 1869, Bengal 21,321,371 *l.*, and Bombay 24,128,314 *l.* I have only been able to find comparative statistics for the first eight months of 1869–70 and 1870–71; but for that period in 1869–70 Bengal imported 13,151,107 *l.*, and Bombay 15,442,602 *l.*; and in 1870–71, Bengal 13,424,844 *l.*, and Bombay 17,161,720 *l.* In exports, the comparison is still more in favour of Bombay. Then as to the bullion imported in the 10 years from 1860 to 1869, by the Return to the House of Commons I find that 159,783,019 *l.* of silver and gold were imported into India and remained there, I mean after deducting re-export; and if we take a very imperfect addition, that is to say, Bombay for 1869–70, and eight months for Bengal only (I have not the other figures), I find that 181,372,964 *l.* were imported into India and not re-exported.

8011. Mr. *Eastwick.*] But to go back to the subject of these Customs' duties, did it not appear rather extraordinary to you that the native members of the Legislative Council did not refer at all to this question of customs?—No; for one very good reason, that there is no right of initiation of any measure in the Council, except in the hands of the Government; Government must initiate all measures for the Council, and when Government does not initiate, the Councillors have no right to make an observation. Besides, the Government of Bombay had no power to deal with that subject at all.

8012. Sir *C. Wingfield.*] But on the annual Budget statement, they have full liberty to treat on any subject, have they not?—In the Supreme Council of Calcutta no doubt they have; but I speak, of course, of the Bombay Council, and there is no Budget there. Now, under the

the separate system, no doubt the Budget will be brought before the Council, but there was no Budget laid before the Councils of the Presidencies during my time.

8013. Mr. *Eastwick.*] You think that the fact that they could not initiate measures was the principal cause of the absence of reference to the subject by the native members of the Council?—I do not say that, but it was an absolute preventive, even had they wished to refer to it.

8014. Sir *C. Wingfield.*] Their tongues were not tied; they might utter any opinion, might they not?—They had nothing to utter opinions about. The subject never came before the Council. I do not mean to say that Government would not have been very glad to have had any suggestions; quite the contrary.

8015. Mr. *Eastwick.*] Do you think that the system of duties has any effect upon the coasting trade at all?—No doubt it hampers the coasting trade, as it does every other. I mentioned the one case of rice.

8016. But you could not give a case in the Bombay Presidency, could you?—No, I have not got the statistics. I have no doubt whatever that it could be given, but I cannot give it, I am sorry to say.

8017. Mr. *Candlish.*] I understood you to say that the wealth of the natives of India had rapidly increased within a very recent period?—Yes.

8018. To what do you attribute that increase?—To the great demand that arose some years ago, in the time of the cotton famine, for cotton. In the first place it began, I may say, with a great demand for oilseeds. During the Russian war that trade was enormously developed, and the cotton famine brought enormous sums of money into the country, which were, for the first time, I believe, equally shared with the ryots.

8019. So that the taxation now levied upon India will be relatively less oppressive than in previous years, because of the increased ability of the people to bear it?—Yes.

8020. You have been speaking of the Customs' taxes on imports; would you suggest any change which would effect an improvement in the assessing of those taxes, so as to make them less oppressive to the people, and as productive to the Government?—No.

8021. You would pull down the Custom House altogether?—I should think it desirable to do so, except for purposes of registration.

8022. Sir *C. Wingfield.*] I gather from the answers that you have given to some honourable Members that you think the assessment on the land in the Bombay Presidency too low?—Yes.

8023. On what ground do you arrive at that conclusion?—On the proportion which the assessment bears to the profits of the ryot.

8024. But have you seen those profits accurately stated?—It is very difficult to say that any such calculation is very accurate; but I could mention one or two circumstances by which you could judge for yourself. For instance, I know that in one talooka, which has just been reassessed, the Soopa talooka of Surat, the survey officer stated that the right of occupancy of land, subject to the condition of paying the Government land revenue, has been sold for 1,000 rupees an acre, and the maximum land tax there was 26 rupees upon the best land.

8025. Mr. *Eastwick.*] What sort of land was that?—It was first-class land; land capable of growing sugar cane and the best crops.

8026. Sir *C. Wingfield.*] It was a piece of exceptional garden cultivation, probably?—I do not know that.

8027. It was not the average agricultural soil of the district, was it?—No doubt it was good land. One might make a calculation as to the total revenue; I believe that the land revenue of the Bombay Presidency is something like a twentieth of the gross value of the harvest.

8028. That increase of rental has resulted, perhaps, since the settlement?—Certainly.

8029. And is owing to the moderation of the Government demand?—Of course, naturally so.

8030. Therefore you do not necessarily imply by your answer that at the time the settlement was fixed it was unduly low, do you?—Well, I am not finding fault with the original assessment having been low, because it produced an immense increase of cultivation in the Bombay Presidency; I believe an increase of something like 50 per cent. in the 10 years from 1850-51 to 1860-61; but I say that in reassessing we may get a very much larger amount out of the land than we at the present time do.

8031. But the reassessment can only take place on the expiry of the present leases?—They are expiring every day, and a great many of them have expired now, and are reassessed.

8032. But have you reason to think that in the revised settlements the rate is fixed too low?—I think that is the tendency; I think in such a case as that of the Soopa Collectorate it is too low.

8033. I do not want to go into the question whether it is too low or not in that particular case; but you do not undertake to say that, as the revision of settlement takes place, the land assessment is fixed too low; therefore, if it is not fixed too low, if the State benefits by the increase of cultivation and rental, I do not see how you can calculate on getting an increased assessment on the land, specially to repay you for the abolition of Customs' duties; whatever increase you get, you will get in the ordinary course of the assessment; you cannot impose anything additional merely as a substitute for abolishing the Customs' duties, can you?—No, certainly not; but I think in the process of reassessment there will be a very considerable increase of revenue.

8034. That is altogether apart, and will follow necessarily without any advertance to the question of customs?—Quite so.

8035. I think you said in answer to the honourable Member for Stockport, that you set down all increase of revenue that has taken place in certain districts subject to canal irrigation to the use of the canal water; but are you aware that a great increase has taken place in certain districts which are destitute of canal irrigation?—Certainly; but I did not do exactly what you are supposing. I quoted the report of Colonel Baird Smith to show what had taken place, but I made the large and general remark, that all works of public improvement, not irrigation alone, but roads, canals, and railways, all tended to be reproductive.

8036. But at all events you set down that increase to the operation of public works of some kind?—I should, certainly, under the Bombay assessment system. You are aware that the rules by which an increase of assessment may be made in the holding of a ryot prohibit Government from charging an increase for any improvements

Mr. W. R. Cassels.

23 June 1871.

which the ryot himself makes; and it is only for public improvements, such as roads, canals, and railways, that Government is entitled to charge.

8037. I mean that, because in a district subject to canal irrigation, there has been a very great increase of rental, we are not necessarily to set all that increase down to the use of the canal water, inasmuch as an equally sensible increase has been found in many districts which have not got metal roads or canals at all?—Certainly, not all the increase; but I should doubt about the increase being an equal increase in places where there are no roads; if you specify *metal* roads, perhaps it may be so, but without some kind of roads I cannot see where the increase is to be got.

8038. You, perhaps, have not heard that the district in Upper India which has given the largest increase in the re-assessment, is a district that has not got 50 miles of metal road, or a single mile of canal in it?—I do not think that the whole of Guzerat has got 50 miles of real metal road, but there are other roads there.

8039. But without metal roads, and without canals, there may be as large an increase, may there not, as can be exhibited in districts which have both canals and railways?—I should very much doubt it.

8040. That is the case in Goruckpore, and so it may be said of the Province of Oude, throughout which the rise of rents has been enormous, and yet there is not a mile of canal in the whole province?—Yes, that may be possible; but there are roads, and the improvement in Oude is to be explained by a very good reason.

8041. I made the observation as going against the conclusion to which some people seem to be very ready to come, that whatever increase is to be found in the rental or revenue in India is owing to the great expenditure on public works. That is not the case, is it?—I think that to a large extent it is. I must say that I think that the illustration of Oude does not at all prove the contrary.

8042. You said that the condition of the population in Bombay had very much improved?—Yes.

8043. You refer, I suppose, to the agricultural population?—No, to the population generally.

8044. But how has the condition of the non-agricultural population been improved?—There has been a very much greater demand for labour and a general increase in wealth; at the same time I think that conveniences have been afforded to them which have not proportionately increased in the cost.

8045. Do you think that the rise in the price of labour has been equal to the rise in the price of food?—Yes, I do.

8046. But if it were only equal their condition would be much the same as it was?—It would; but still, on the whole, their condition is better.

8047. Mr. *Eastwick.*] Those views that you have expressed as to the immense increase in the value of the produce of the land are in accordance with the views of Mr. Knight, are they not?—I believe that I quite agree with him there.

8048. You are aware that he has written on the subject?—Yes; and I have heard him speak on the subject.

8049. Sir *T. Bazley.*] You have stated that since the American cotton famine there has been a great increase in the value of Indian cotton?—Yes.

8050. Could you form an estimate of the gross amount which has been paid to the Indian cultivator for the extra price of cotton since the commencement of that famine?—I am afraid not just now; but the sum is very large, and I believe that it was admitted at the time (I took a good deal of trouble to ascertain the fact) that a larger proportion of the profits of cotton was then paid to the ryot than had ever been paid before.

8051. You are, perhaps, aware that an estimate has been formed that the sum paid to India by Great Britain in the extra price of cotton exceeds one hundred million sterling?—I think that is very probable.

8052. Can you tell the Committee whether there is any visible improvement in the cultivation of cotton in consequence of the higher price paid as the result of the increased demand?—I think there is some improvement in the cultivation; but a much greater amount of improvement in the preparation and in the transport of cotton; I believe that it is in these points that the great improvement has taken place, particularly in the more rapid and cleanly transit of cotton.

8053. Do you think that the higher price received by the ryot stimulates him to improve its quality?—It certainly stimulates him, but the increased facilities of sending his cotton to market enables him to send it in a much better state. Formerly, before railways conveyed cotton, very little of the cotton of a year's crop left till after the monsoon; the consequence was that it was stored in the open air, exposed to the rain and the excessive damp, and the cotton became discoloured; then it was brought down on bullocks' backs, one bullock generally eating the cotton the whole of the way from the back of the bullock in front of him. The improvement which has taken place now in the packing of cotton, and the easy transit, has done more, I believe, to improve the quality of Indian cotton than anything else.

8054. Are you aware whether the manufacturers by machinery in Bombay select a better quality of cotton than is generally exported from India?—No, I do not know that they do so. They naturally select cotton which they consider suitable for themselves, but I do not know that they have got the pick of the cotton.

8055. Mr. *Dickinson.*] Are those cotton mills that you alluded to under European superintendence?—Many of them are. Most of them are owned by natives, but Europeans have a share in some of them.

8056. But as regards the working of them?—Generally, I believe, they are under some European supervision.

8057. And, therefore, an expensive supervision, I suppose?—Yes, comparatively.

8058. Are they large expensive buildings, like our own factories, or smaller?—They are not nearly so large as our own.

8059. How many storeys have they?—They are on the same principle as our own, but not very large.

8060. Did I rightly understand you to say that now, when there is a rise in the Customs, there is not also a rise in the price, because you mentioned that a telegram came down to Bombay to raise the Customs' duties on one occasion, and yet no rise took place after that in the price of the imported goods?—I am not prepared absolutely

lutely to affirm that no rise did take place ultimately, but, at any rate, it was not perceptible at the time.

8061. Therefore the consumer was in no respect dammified by the increase in the duties?—The consumer was not, certainly, at that time. I know that my house had sold goods to arrive, the extra duty upon which amounted, if I remember right, to something like 5,000*l.*, and they had to lose that; that is to say, the persons who sent out the goods had to lose the amount; we could not recover it.

8062. I thought you said that the purchaser was bound to pay the difference in the duties?—Yes; but then they would not pay, and we could not make them; so we lost it.

8063. But the purchaser who ultimately bought was not effected; there was no rise of price corresponding to the rise of duty, as I understand you?—At that time there was not; and a great many sales were made on which there was probably no rise.

8064. Then your conclusion is, that the loss occasioned by the increase of the duties was on the importer and not on the consumer?—Yes, at that time it was.

8065. Can you say whether it has recovered itself, and the loss now falls on the consumer?—Theoretically it has done so of course, and I suppose practically.

8066. If the importer's profits were too high, or high enough to bear the duty, there might be no increase of demands, and therefore no increase of rise, I suppose?—That was not the case; the profits on piece goods are very small, I consider, as a general rule, and there was much competition.

8067. At that rate the duty must fall on the consumer?—It must fall on the consumer, of course, in the end; all duty does.

8068. Are there any local charges on landing goods in Bombay?—Yes.

8069. Are they heavy?—They are not very heavy, but they are charged at all the bunders.

8070. Are they arbitrary charges?—They are arbitrary up to a certain point; but there is a limit put to them by the competition for one thing.

8071. Are these private companies to which you are referring?—Private companies.

8072. Is there not a duty on every package, large or small?—Yes.

8073. Of a rupee, or half a rupee?—It varies according to the article, but generally on every package of bale goods there is a charge of one to four annas, if I remember right.

8074. Is that a private charge entirely?—That is the revenue of the company; it is a private charge, or a charge by Government according to the bunder.

8075. Are there no means of landing in Bombay except at private wharves, without paying that duty?—There are, but it is not easy, because the Custom House accommodation is very small.

8076. So that the trade of Bombay is in point of fact subject to that extra charge?—Yes, it is.

8077. And is there not also a great delay in landing goods?—Yes.

8078. Which also increases the charge?—Yes.

8079. What is the cause of that; what is it attributable to?—Insufficient Custom House accommodation.

8080. Then, although paying high duties, you do not get sufficient accommodation for your trade?—No, we do not; and also, unfortunately, no ship can come alongside the wharves; all goods have to be landed in bunder boats; that causes very serious loss and expense.

8081. Loss by weather, do you mean?—Yes, and loss by time.

8082. Is it by the action of Government then that the wharves have been taken up by private companies to such an extent as to diminish the public accommodation for landing?—No; in fact the companies have been a source of convenience to the public rather than otherwise; of course they make the public pay for it; but at the same time, if it were not for these bunders still greater delay would take place.

8083. Are there bonded warehouses on these wharves?—Yes, on some; but I do not think that they are very much used.

8084. How is the duty taken?—All goods have to be declared, and they are examined, and the duties paid at the Custom House before the pass is given to take away the goods.

8085. Before the goods are taken from the ship to a private bunder?—They are never taken to a private bunder without the Customs' permission.

8086. Then does the examination take place on board or on the bills of lading?—No, it takes place on the bunder; a Customs' officer attends at all these bunders.

8087. Are there other local sources of Government revenue in the Bombay revenue which you can specify?—I suppose you do not refer to the municipal sources of revenue. That is not absolutely Government, but there is a contribution from the municipality for the police, that is to say, for the whole of the police of Bombay.

8088. That is raised by the municipality?—That is raised by municipality. Formerly the municipality did not pay that, but there was a Bombay Municipal Bill (I had charge of it during the time that I was in the Council), which threw the burden of the police of the town upon the town itself. The funds were to be raised by two per cent. upon house property.

8089. Are there no local sources of the Government revenue separate from the Imperial revenue?—The only one that I could name at all would be one that was mentioned the other day, the education cess, the one anna cess.

8090. That is in addition to the land revenue?—That is local decidedly, and not Imperial.

8091. By whom is it collected?—By the same officers who collect the land revenue.

8092. It goes in as a revenue charge and is repaid by Government to the municipality, I suppose?—It is not for the municipality. It is a charge made by the local government for education, in excess of the land assessment.

8093. It goes into the local treasury, and is collected by the collector, and appropriated by the local government to education?—Yes.

8094. That is scarcely a local revenue?—It does not go into the Imperial Treasury; it is not imposed by the Imperial Government.

8095. And it does not appear in these accounts before us then?—No, it does not.

8096. Have any of the other municipalities, besides Bombay, local sources of revenue?—Yes, I believe they have.

8097. From what sources are they derived?—If you mean the municipal taxes, it is the usual

Mr. W. R. Cassels.

23 June 1871.

town taxation; house tax, lighting rate, and water rate.

8098. What is the source from which those rates are obtained? — From the occupiers of houses, those who benefit by municipal arrangements.

8099. Something like our own rates on real property?—Precisely the same.

8100. There is no special income of any other kind?—There is no special income of any other kind except what is derived from taxes of that description.

8101. You alluded, did you not, to some part of Kandeish where the value of land was 1,000 rupees an acre, as regards the ryots interested in it?—That was in Soopa talooka of Surat.

8102. And you said that on that the land revenue was 26 rupees an acre?—Yes.

8103. Are you quite sure of that?—Yes.

8104. Because 2 *l.* 12 *s.* is a large rental in that country, is it not?—Not for land of that kind; that is the very best kind. The average throughout the whole of Dharwar and Belgaum is, I believe, however, only 2 *s.* 3 *d.*

8105. Do you know the rate under the present new assessment; what is the share that the Government revenue bears to the supposed yearly rental of the land; is it 50 per cent.?—I think about 5 per cent., very little more than 5 per cent.

8106. I mean supposing that the ryot had the land free of land revenue, what would it let for?—I can tell you that, because Government took up some land for cotton experiments, and I think that the average price at which they rented it from the ryot was about 13 rupees an acre; and I think that the land tax upon that was 3 rupees.

8107. Then according to that, this land returning to the Government 26 rupees an acre, would have a rental of 20 times that, namely, 520 rupees an acre?—Very likely if they had taken it.

8108. Sir *C. Wingfield.*] You said that you considered the Government assessment was 5 per cent. of the produce?—Yes. In Sattara, Government have rented land, I believe, at 15 rupees an acre, and the assessment on that land is 3 rupees. I may say that the land is second quality land; all that I quote that for is simply to show that the value of land is high at the present time, and that the assessment is an extremely small rent for the ryot to pay.

8109. Mr. *Cave.*] What is the proportion that the Government take? — There is no set proportion, I believe.

8110. Mr. *Dickinson.*] You say that the Government rent the land at 15 rupees an acre?—Yes.

8111. Exclusive of the assessment itself? — The ryot pays the assessment.

8112. And on that the assessment was how much?—Three rupees; I am bound to say, of course, that when Government wishes to take up land it has sometimes to pay a little more than other people.

8113. Sir *C. Wingfield.*] And this land was taken for experimental farming, and therefore we may infer that it was choice land, I suppose?—It was second quality land.

8114. It was taken for experimental farming, was it not?—Yes; I merely mention that to show that the land assessment is very small on the ryot's land.

8115. Mr. *Dickinson.*] The account that you gave of the bullion, I suppose includes some bullion from China and Australia?—Very little; in reference to that, I may say that until very lately it has been quite impossible to get anything from Australia, because Australia had only gold, which was not a legal tender in Bombay. They had to send their gold round to England in order to pay for anything which they bought in India.

8116. That is altered now?—I hope it may be; there is a gold coinage introduced, but whether the system adopted will be effectual or not is a question.

8117. The tendency before that was for Australia to pay through England for any trade with India?—Yes.

8118. Mr. *Candlish.*] What was the fate of that Police Bill to which you referred, proposing to throw the police of Bombay on the municipality?—There was no special Police Bill; it formed a portion of the Municipal Bill, and it was introduced into that Bill in consequence of a resolution of the Government of India.

8119. Did it become law?—It became law.

8120. Did I rightly understand you to tell the Committee that Bombay now maintains its own police?—I was surprised to hear that there was a doubt upon that subject expressed here the other day; but certainly the Bill provides for the maintenance of its own police by Bombay, and allows, and in fact requires, the municipality to levy rates commencing at 2 per cent., and with the option of going up as high as 3 per cent., upon house property to pay for the police.

8121. You heard it stated, perhaps, that the Imperial revenue contributed largely to the police of Bombay?—Not to the town of Bombay itself; to the police of the Presidency, perhaps.

8122. The wharves and quays of Bombay are held in the same manner as the same property is held on the Thames, by private individuals, is it not?—Yes; by companies.

8123. As to your objection to the Customs dues in India, is it that you have an objection to the Custom House duties in India merely, or that you have a general objection to a national revenue from Custom House dues?—Well, I have a general objection to Custom House duties, but more especially in India.

8124. What is the special objection to Custom House duties in India?—That it hampers a very large trade, with very little advantage to Government.

8125. *Chairman.*] Are there any further observations that you would like to make about the income tax, beyond those which you made when you answered one or two questions of the honourable Member for Worcestershire on that subject?—No, I think not. I think it is a tax that the natives very much object to, but I do not know that they do so with any reason.

8126. Mr. *Bourke.*] Can you tell the Committee what portion of the population of India the income tax at present affects, compared with the whole of the population?—I imagine a very small portion of the population.

8127. You do not know how many?—No, but those statistics must be in the possession of the India Office.

8128. *Chairman.*] The former income tax; the one that was so much complained of, I think, only struck one in 300?—Yes, something like that.

8129. Mr. *Candlish.*] Is there not an objection

tion to an income tax as a source of Imperial revenue from the evasion of true returns?—Yes, the natives complain more of the income tax (they have done so to me personally in the course of conversation) than of any other tax that they have in India; they consider that a large portion evade it, and do not pay a sufficient amount, and that consequently it falls unduly upon those who honestly pay their income tax.

8130. Have you any estimate of your own as to the extent to which it is evaded?—No.

8131. *Chairman.*] Of course you witnessed a very great rise of prices in Bombay in the time that you were there?—Enormous.

8132. Have you any observations with regard to that which you would like to make?—I think that within the last 10 or 15 years prices have very nearly doubled. There was a return made to Government by a Commission appointed to consider the subject of prices, which I think shows an enormous increase in the price of every article.

8133. And do you believe that the increase of price is going to continue, or that we have reached a period of lull?—I do not think that it will increase at the same ratio, certainly; but I should suppose that for the present, there is rather a lull, indeed a decline from the highest prices.

8134. Mr. *Cave.*] What is the amount of the increase?—I should say the increase must be in many cases very nearly 100 per cent.; but perhaps all round 50 per cent. The average from 1824 to 1859, for instance, up to 1863, showed an enormous increase. The mode of calculation in India, as you know, is so many pounds or seers to the rupee. For instance, Bajree, which forms one of the largest articles of consumption, was 94, as the maximum from 1824 to 1859, and only 27 in 1863; for the same price you got those relative quantities. Then Jowaree was 99, the maximum in 1824 to 1859; and 28 in 1863. That is an enormous rise of 75 per cent.

8135. You are stating quantities that you get for the same money?—Yes.

8136. Was not that caused by the rise in the price of cotton?—Partly so. It was caused by a variety of things; it was caused by the immense influx of bullion, by which money became depreciated.

8137. But for the purpose of purchasing cotton, was it not?—Not necessarily so; partly so, of course.

8138. Would it not be the case that those causes would be temporary, to some extent?—No, I do not think so. I think that the amount of money which has remained in India must have caused a great depreciation in its value.

8139. That which came in for the purchase of cotton and other articles, has remained in?—Yes.

8140. The exports from this country have not gone out to India in the same proportion, and therefore the money has remained in?—Yes; the exports from India have been largely in excess of the imports, and the balance has been paid in money.

8141. And the money has remained in the country?—Yes.

8142. And has not been spent in increasing the exports from this country to India?—No.

8143. Nor from any other?—No.

8144-5. Mr. *J. B. Smith.*] Have you reason to think that the rise in wages, and the price of food, is greater in Bombay than in other parts of India?—I think it is greater in both respects in Bombay.

8146. Mr. *Cave.*] Is not a great deal of that money which finds its way into India made into ornaments?—Yes.

8147. And that, of course, is withdrawn from the money market?—Yes.

8148. But not to such an extent as to affect it, I suppose?—Very considerably. India has always been nick-named the sink of bullion, but it is not so much so now as it was. I think that the ratio of expenditure is much greater now in India than it was; that there is not the same degree of hoarding.

8149. Artificial wants have sprung up, you mean?—Yes; artificial wants.

8150. Mr. *Beach.*] Has there been a tendency for the money to be absorbed by a few, or has it been spread over the country in general?—I think it has been spread over the country in general. Formerly the ryot shared to a very small extent in the money which came into the country; but during the great demand for cotton and seeds the ryot knew his power, and begun to secure his fair share, and has continued to do so.

Mr. WILLIAM MAITLAND, called in; and Examined.

8151. *Chairman.*] You, like the last witness, were, I think, a merchant in India?—Yes, for about 14 years, in Calcutta.

8152. You also, I think, occupied some public position?—Yes, at different times I occupied these positions: I was President of the Bengal Chamber of Commerce; I was the first Chairman of the Landholders' and Commercial Association, one of the first two non-official mercantile members of the Legislative Council of Bengal, a Commissioner of the Income-tax; one of the Mercantile Commissioners to hear Appeals; and I was a Director of the Bank of Bengal.

8153. Are you still connected with India in commerce?—No; I have ceased to be a partner in the house; but I am so far connected with it that I have money in India, and interests in it, and am a director of two or three companies connected with India.

8154. But you keep up your interest in India pretty closely, I think?—Yes, as closely as I can.

8155. Of course, as a merchant in Calcutta, the subject of the opium revenue was often brought before you in various ways?—Yes, very often; indeed my firm were agents for two of the largest houses in China, and bought opium very largely. I have been in China twice myself for about three months each time.

8156. And you have watched that trade for many years?—Yes.

8157. What conclusion did you form as to the probable future of our opium revenue?—The conclusions that I formed were, that the Indian opium revenue was never in any serious jeopardy until quite lately; but I think that within the last two years, in consequence of the increase which I believe has taken place in the quantity of opium produced in China, and of the improvement in the quality (which, I think, is exceedingly

Mr. W. Maitland.

23 June 1871.

important), the Indian opium revenue is in greater danger than it has ever been before.

8158. And what course would you recommend the Government of India to adopt with regard to its opium revenue?—The course that I would recommend the Government of India to adopt would be exactly that which I should adopt myself if I, as a merchant, were in possession of the most lucrative and extensive monopoly in the world. If I found that monoply interfered with I should send my own commissioner, or in some way endeavour to make every inquiry on the spot that I possibly could; and that very course, which seems to me a reasonable one, appears to have occurred naturally to the Board of Revenue in Bengal, because I see by the Opium Blue Book, that they call the attention of the Government of India more especially to information that has been received within the last two years, and to a letter received from Mr. Nussarwanjee, a Parsee merchant, a very respectable man, who had just returned from China. He wrote to the Government on the subject of opium cultivation, and sent samples of the China opium, which he brought back with him. The Board of Revenue submitted those samples to the examination of the opium examiner, who is a medical man, and the Blue Book gives his Report upon the subject, and he states that this China opium assimilated very much in quality, in strength, and in taste to the Indian opium; much more than anything that he had seen before. He had in his office some samples which were sent a few years back, and he contrasts the two, and arrives at the conclusion that the opium is very much better in quality than it ever was before, and assimilates much more nearly to the Indian opium than ever it did before. Upon that the Board of Revenue wrote to the Lieutenant Governor of Bengal, and suggested, and indeed urged, that they should send their own Commissioner to China to reside on the spot, and to get as much information as possible. The Lieutenant Governor sent in the Report of the Board of Revenue, and he recommended the adoption of this course, upon the strength of the advice received from those interested in the trade. The Government of India overruled that, and instead they advised sending to Sir Rutherford Alcock and other official parties in China, who got them information, which, to a certain extent, no doubt, is useful, but my own impression is, certainly, that their wisest course would be to send two or three men to China in behalf of the Government, to look into the matter themselves; probably two or three medical men, (they have always had very clever medical men in their service), or a man like Mr. Cooper, the traveller, if he would go. I think they might go and reside in China, much as Mr. Cooper did, not going as Government employés, but as merchants; and if they lived there for about a year, and saw the cultivation, and the process of manufacture, and in fact got every information which they possibly could; and then, supposing that there were two or three of them, if they did not communicate in any sort of way among themselves, but reported separately to the Government, the Government could see whether their reports tallied; and if they did, and they arrived at the conclusion that most people in China, I think, have arrived at, that there really is a danger that the cultivation is increasing, the quantity increasing, and the quality improving, then it would be a very serious matter, and it would behove them to consider what they would do. If they arrived at that conclusion, I am very much inclined to think that their best course of all would be to get their revenue as they do in Bombay, that is to say, to throw the cultivation open; or else they must make up their minds to increase the quantity, and reduce the price, with a view of stamping out the competition by China opium. I think if they did so, that just in the same way as they are producing now 12,000,000 pounds of tea in India where they did not produce a pound a few years ago, the quantity of Indian opium would be increased, and the price brought down so much that they would be able to compete with the China opium, and get as much revenue from the duty of 600 rupees a chest, which is the duty on Malwa, as they do now.

8159. Do you think that it would be easy for the Indian Government to lay its hands upon people who had at once the requisite acquaintance with opium, and that knowledge of China, which would be necessary to enable them to make such researches as you have suggested?—I do not know that it would be easy; but they have generally had clever medical men in their service, and the opium question is a sort of medical matter, and the opium examiner is a medical man, and those men could do what Mr. Cooper did. Mr. Cooper travelled through a great part of China; and they ought to reside in China; but if they were to go as Government emissaries they would defeat their object. I think that they would be able as merchants to reside there quietly. Of course, they must have good men to do it; but I should think that good men might be found. It appears to me that the revenue of India hangs upon the opium revenue to a great extent, and that therefore any extent of trouble, and any reasonable amount of money would be well spent. I myself may just say that I practised what I preach; for in 1857 I went to China on a matter expressly connected with the rice trade. In those days there was a very great famine and high prices in China, and my firm were largely engaged in the rice trade; and I found it worth while to spend three months there in investigating the state of the trade, going from port to port, and getting information about the trade of Siam; and I think that what a private merchant found it worth his while to do in a matter of that kind, the Government of India might find it well worth their while to do in such an exceedingly important matter as this is.

8160. When we were considering the opium question, some inquiries were made with regard to the reason of the sudden rise in 1870; is that a question to which you have turned your attention?—Yes.

8161. Would you give us your views as to the causes of that sudden rise?—I think that what caused the larger receipt of about a million was of course the higher prices that they got; they got nearly 150 rupees a chest more, and the quantity produced was considerably more. Sir Richard Temple, in his last Budget speech, gave the quantity produced above his estimate as about 5,000 chests of Malwa, and said that the quantity of Bengal opium had increased; he did not say how much, but I believe it was 2,000 or 3,000 chests. The quantity increasing, and the price not falling, but rising, gave that amount in excess. Of

Mr. *W. Maitland.*
23 June 1871.

Of course, if you ask how it was that the price did not fall in the face of an increased quantity, it is a little difficult to answer that, because all matters connected with China are difficult. But it appears to me that there are two or three reasons which are conjectural, and one reason which is certain; the certain reason is, that the exchange between India and China was very favourable indeed to shippers, the exchange had risen considerably. I have here a return of the exchange between Calcutta and China in the years 1869 and 1870, and the average in 1869 was about 217 rupees for the 100 dollars, and in 1870 it was 224 rupees. That represents very nearly a difference of 4 per cent; and 4 per cent. upon the value of the opium shipped on both sides of India to China would give a very large sum, I think; probably about 300,000 *l.* The China opium trade has become of late more and more a bare trade, and it has got more and more out of the hands of the European houses into the hands of native firms, Parsees, Jews (some of whom are very rich), Marwarries, and others. The trade being such a very narrow one, any rise in the exchange or reduction of the rate of freight or cost of insurance, but particularly the rise in the rate of exchange, operates as a benefit to the seller; the buyers will generally bid up to as much as they can afford to give, with that very low margin of profit; and many of them have told me when I was in India, that if they could make a good rate of interest out of it they would be contented without further profit. In that way, I think, the Government get the benefit of almost any rise; and it is undoubted that the rate of exchange this year has been considerably more favourable to the shippers of opium than it was before. That is the certain cause. Then, I think, that there are two or three conjectural causes. One is that China has been more quiet on the coast of China and all the parts where the Indian opium is most consumed; the Taeping rebellion being put an end to, the country is more quiet generally, and there is a greater consumption of opium. Then, speaking as a merchant, I should generally say that when prices are low you may expect some re-action the following year, and that is why I am afraid that there may be some danger of an unfavourable re-action now; and then, if it be true that the production of China opium and the consumption had increased, as I believe they have, although eventually, I think, it will be very serious, yet for the time it may have increased the consumption of India opium by the Chinese, who could not afford at first, perhaps, to take the higher priced India opium. When once they began to use opium those who were rich enough may have gone to the higher-priced, finer-flavoured Indian opium, just as any of us might go to a superior class of wine as we were able to afford it. I think that those conjectural causes might, perhaps, account for it to some extent. I think that the rate of exchange certainly has helped the Government considerably.

8162. Now you have, of course, turned your attention very much to the tariff, and, I suppose, as well to the export as to the import duties; what have you to tell us about the export duties?—The only export duty that I think is objectionable is the rice duty. I think that the rice duty of 10 *s.* a ton, which it is now, is very objectionable, because I am afraid that it may have the effect that the high duties that were placed upon saltpetre some years ago had. I was in India in Mr. Laing's days, when "the duty on saltpetre was raised to 10 *l.* a ton; and I remember it especially, because there was a division of opinion among the merchants whether it could be safely done or not. It was thought by many, and I myself was one of them, that as that really was an article produced only in Bengal, it was one on which that could be safely done, and we gave that advice to Mr. Laing. I, and those who thought with me, were proved to be wrong. The production of artificial saltpetre in Germany and France increased greatly, the saltpetre trade of Bengal was injured, and the Government were obliged to give up the saltpetre duty altogether. It impressed itself on my recollection particularly, because I was wrong. I believe that the rice duties have mainly caused the loss to India of the whole of the rice trade with China and the rice trade with Japan, which has since sprung up. The whole of that trade appears to have gone to Saigon, in Cochin China, and to Bankok, in Siam, which are free ports; there is no export duty there at all. I can give the Committee some information, in the shape of mercantile circulars from Saigon and from Hong Kong upon the subject. I have the Saigon Market Reports of Messrs. Hale & Co., of 10th March 1871, and the Hong Kong Circulars of Messrs. A. Heard & Co., of 7th and 21st February, and 7th March. I have also the memorial upon the subject of the rice duties which was presented to the Duke of Argyle, and the speech and statement of opinions of the present president of the Chamber of Commerce, Mr. Bullen Smith, who is a member of the Legislative Council of the Governor General. He, on the occasion of the last Indian Budget debate last March, in Calcutta, entered into this question of the rice duties very fully, and gave his opinion about it, and I quite coincide with him. And I am satisfied that these duties are calculated to interfere very seriously with the trade in rice to China and to Japan; and they are beginning also to interfere with the trade which used to be entirely from Bengal, the trade in rice to the Mauritius and to Ceylon, and also to Australia a little. I have looked at the shipping lists from these three places, and I find there, ships arrive with cargoes of rice from Saigon more particularly, when, to my own knowledge, we in Bengal had the monopoly of those trades at one time; and all the rice exported to the Mauritius and Ceylon, and almost the whole to Australia, went from Calcutta. That is beginning to be interfered with by the rice from Siam and from Cochin China; and I am afraid that it may go on, and then if the Government want to remove the duty of 10 *s.* a ton, they may find it perhaps rather late to do so.

8163. But would you agree with the last witness in advising the Government of India to sweep away all import and all export duties together?—I do not think that the Government of India can afford it. I agree with the last witness that, as a general thing, customs duties interfere with commerce, and are, so far, not desirable. I wish there were no such thing as a custom house in the world; but I do not see how that can be done in India, unless there were some other thing to supply their place; and holding the view I do about the opium revenue being in danger, I could not agree with the last witness in that; but I wish that it could be done.

Mr. *W. Maitland.*

23 June 1871.

8164. With regard to the income tax, of course, you have formed an opinion upon that also?—Yes, I have formed an opinion upon that, more particularly from having been for a time a Commissioner to hear appeals; and my opinion is (I am in the minority upon that point; it is an unpopular opinion) that an income tax is essentially just, and that a 2 per cent. income tax would hardly have occasioned much difficulty in India, if things had remained in India as they were; but when the income tax was raised, as it was, to 3⅛ per cent., and when you take the fact that there was very little made in India of late, of course it was felt to be heavy; and unfortunately in India those who had fixed incomes have felt the pressure of the increased prices in everything; and those who have not fixed incomes, merchants and planters, and so on, in the last few years have made very little indeed. The inquisitorial nature of the tax is more or less objected to; but I myself think that the income tax is so essentially just, and that it is so difficult to get any fair proportion from the rich classes of India without it, or without a succession tax, that I should rather see it retained myself, supposing it were at 2 per cent.

8165. You have alluded to succession duties; but are there not very great and very special difficulties in the way of succession duties in India?—I suppose there would be more difficulty than there would be in the case of succession duties in England. I know it is said that there are; and it is not a subject that I am so well acquainted with as commercial matters; but still I can hardly see myself the very great difficulties that there would be. There would be some difficulty; it would be, of course, a tax something of the same nature as the income tax, more or less inquisitorial.

8166. Do you happen to have read a paper by Sir Henry Maine on that subject?—No.

8167. With regard to the salt revenue, I think you have heard a good deal of the evidence we have had about that?—I think I have heard or or read pretty nearly the whole of it.

8168. What view do you take of it?—The salt revenue, I should look upon something in this way. If I think that the rich ought to contribute in the shape of an income tax, and if it is admitted that all parties ought to support the Government under which they flourish, I do not see how you can very well get anything from the poorer natives of India, cultivators and so on, except from something in the nature of a salt duty, or a tobacco duty, or a poll tax. I look upon the salt duty as virtually a poll tax; I should look upon the salt tax as something in the nature of a commutation of a tobacco and a poll tax; in fact, the contribution of the poorer natives of India to the support of the Government. I think, that the question is, whether the natives can afford the present rate, and whether or not they have increased so much in prosperity during the last few years as to be able to support it more easily. I have no doubt that their prosperity has increased, and I should have thought that they were in a position to pay the tax without much difficulty.

8169. It has sometimes been tried to create on impression against the salt tax, by pointing out that the tax is enormously disproportionate to the actual price at which the commodity could be sold without the tax; but that is a very fallacious way of regarding the matter, is it not?—Yes, in my opinion it is a fallacious way. I do not think that that is the question whether the tax is 10 times or 20 times the amount at which the salt can be produced. The question is, can the people afford to pay it and if they can afford to pay it, is there any better tax. I cannot see any better tax than that, or a tobacco duty, or a poll tax for the poorer natives of India. They use so little in the shape of clothes and pay so little to the Government in the way of import duties that it is the only duty they pay, and I can hardly see how they can help to support the Government in any other way. I do not think that the argument, which you refer to will hold water, myself.

8170. The whole price of the article, the price at which it has been produced and the tax added to it, is very small?—Yes; at all events, not large. By the time it comes into the hands of the consumer, I imagine that it costs a good deal more. I saw a gentleman the other day who returned lately from Assam, and he mentioned the price at which the salt was selling up there.

8171. You have never, in all your experience, had any case of real hardship connected with the salt tax brought before you?—No; but I should not be likely perhaps, as a merchant, to hear much about it.

8172. I think, also, you have given a good deal of attention to the tea cultivation in India, and to the general utilisation of our waste lands?—Yes.

8173. Do you think that we may look forward to great advantages from that cultivation in the future, and from other treatment of our waste lands?—Yes, I do. I was in India at the time when there was very little tea produced. I was one of the Calcutta directors of the Assam Tea Company, and my firm was one of the first who began the tea cultivation. The tea cultivation has passed through a period of great depression, but it has revived lately. The production last year was 12,000,000 lbs., and the estimate for this year is 16,000,000 lbs. There has been such an improvement in the price of what they call "tea stock," and in the position of many of the companies, that I think, in all probability, there will be a considerably increased production if the present prices continue, which I think they will, because the tea produced in India is a mere drop in the ocean as compared with that produced in China; the quality is good, and it is much liked.

8174. Mr. *J. B. Smith.*] The import of tea from China is about 120,000,000 lbs.—Yes.

8175. *Chairman.*] In order to increase the cultivation of tea and similar products, what policy would you recommend with regard to waste lands?—I think that the policy of Lord Canning's waste land rules was a wise one, though it has been spoken against. I was in India at that time. Under that the Government proposed to sell waste lands for 2½ rupees, or 5 *s.* an acre. I think that that was a wise policy; there were considerable difficulties thrown in the way, but I think if the policy contained in those rules were mainly acted upon, that would be a wise course. I am quite aware that it is said that selling the land at so low a price injures the Government; that they will not have the land to fall back upon hereafter; but I think it should be considered that every tea planter who farms

a plantation, adds one to the garrison of India, looking at it in that point of view, and adds to the productive powers of India; those about him would use imported articles, and in various ways benefit the country; and although it may seem impolitic to sell for 5 *s.* an acre, in the long run it may prove beneficial.

8176. Do you think that the Looshai disturbances have had any serious effect on the tea cultivation?—No, they did not affect Assam, the part I know most of. There has been a certain amount of dissatisfaction; it was said that the Government did not protect the planters sufficiently, and to that extent they may have caused alarm.

8177. Do you think that in the Kangra Valley, in the north-west, the tea cultivation has a great future?—Yes.

8178. Even more than in Assam?—Yes, even more than in Assam, because I think it is on the cards that they may be able to establish communication with Central Asia, and sell tea in that way, besides sending it to England.

8179. There is a great demand for tea in Central Asia, is there not?—Yes.

8180. Do you, yourself, think that the trade from the north-west frontier into Central Asia, will ever be of much importance to our commerce; I mean the road by the route from the Punjaub into the centre of Asia?—I think that it will be important; I do not know that it will be very considerable for a long time. I think that sooner or later it will be of importance. I think that the other communication with China and Thibet, which Mr. Cooper endeavoured to find, would be very important. If he is correct (and he is very strong about it) in his opinion, the Thibet people would take our tea and they could afford to give our planters a very good price, because they give the Chinese now a good price, and we in Assam, if we once opened a communication, should be much nearer to the place of consumption than the Chinese are.

8181. Is it within your knowledge that the Government of late has shown itself anxious to reopen the friendly communications with Thibet which existed in the days of Warren Hastings?—Yes.

8182. Mr. *Cave.*] Why should not the Government lease the land to the tea planters instead of selling it at so low a price as you have mentioned?—Because I think that every man prefers having land in fee simple if he can get it.

8183. But the price of 5 *s.* an acre of course is absurdly small; if the Government were to consider that it was better to retain the land in their own hands, would that have any effect in deterring people from tea cultivation?—I know Ceylon very well, and the Government have sold their land there for many years past outright. The rate there is 1 *l.* an acre, I think, now, and it may be that planters in India would be willing to give as much as they do in Ceylon, 1 *l.* an acre. If the Government thought that 5 *s.* was too low, it should go for a higher price; but think as a general rule, if I were in India, I would rather have my land my own in fee simple than rent it.

8184. You would probably give a much higher price than 5 *s.* an acre rather than rent it?—Yes.

8185. You stated that the tea planters formed a sort of garrison for India; but is it not rather the fact that they are a source of weakness at present, from inhabiting outlying districts near the frontier; they invite aggression, do they not?—They do to a certain extent; but I think that every man who makes a settlement in India supplies a force; I mean in case of such a thing as another mutiny in India. It was found in India, at the time of the Mutiny, that not only the Government servants but men engaged as planters were of considerable use, and I think that they would be again if ever such a circumstance as that should occur again. I speak of Europeans going and settling in such a district as the Kangra Valley.

8186. The Assam tea is a high-priced tea, is it not?—Yes.

8187. And I suppose, to compete in the market at all with China you must produce a much lower-priced tea, must you not?—No; the Indian tea generally is of such a very good quality and so strong, that it is used to a great extent to mix with and to strengthen the China tea; the Indian tea is the strongest of the two.

8188. Would it not be possible to increase the supply of tea to such an extent, that there would be too much for the demand?—Not for a very long time to come, because the importation of China tea is 120,000,000 lbs., and the importation of Indian tea is only 12,000,000 lbs. I think it is a possibility that some day or another India may supply England with the whole of the tea she wants.

8189. If so, you would be obliged to sell it at a very much lower price than you do now, would you not?—No, not very much lower, I think; perhaps a little lower.

8190. Is it not the case that the present price of Assam tea renders it quite beyond the power of the lower classes to consume it?—I do not know; perhaps it is not within the reach of the lowest classes. I on one occasion advised some poor people to try it, and they did so, and they were very much pleased with it; and there were some shops open, I do not know whether they are still open, in neighbourhoods where the tea was likely to be bought by poor people. They sell it in the shops at 2 *s.* 6 *d.* a pound.

8191. You think that its additional strength makes it more economical for use than the lower-priced tea?—They mix it with the China tea to strengthen it.

8192. The tea companies have not been very successful generally, have they, in India?—The tea companies for a time were very unsuccessful indeed, but I think that they have taken a turn. As to the Assam Company, which I mentioned, their shares only a little while ago were 170 rupees a share, and they are now 300 rupees; and I know companies where the shares have doubled, trebled, and even quadrupled, within the last two years.

8193. Sir *C. Wingfield.*] But they were down very low before?—Yes; they have not doubled upon the par value, of course. But the Assam shares at 300 rupees are 50 per cent. premium, because there are only 200 paid, and those shares were only 170 a year or two ago.

8194. Mr. *Cave.*] Is there a large population in the tea districts?—Not a large population. When my firm opened an estate, we cultivated by local labour. Since that, as you are aware, a good deal of labour from other parts of India has gone to Assam, and now I believe it is considerable.

Mr. W. Maitland.

23 June 1871.

8195. There has been a regular import of coolies, as there has been to the West Indies, has there not?—Yes.

8196. Have those people settled there permanently?—They have settled there. There is a very favourable feature connected with them, that the planters have been able to make re-engagements with them, as the time expired, with very much greater facility than before, and there seems to be a local population of these imported coolies.

8197. Do they come with their families?—Their families are, I believe, beginning to come to them to some extent.

8198. At first it was merely a migration of people who went back after a certain time, was it not?—Yes.

8199. I did not quite understand how you proposed, with regard to opium, to counteract the danger of a fall in the revenue?—What I said in regard to opium was this, that if there was the danger from the cultivation in China which I expected, I thought the first thing was for the Government to find out whether that was the case or not; and if they found out that it was, they would have either to continue the manufacture and reduce the price, or else to do what has often been suggested, throw it open to private enterprise, and get a duty just in the same way as they do from Malwa opium; they get 600 rupees a chest from Malwa opium: and I think that according to the figures of the opium revenue and expenditure for 1870–71, although the prices which they got showed a considerable increase, if Sir Richard Temple's estimate of 975 rupees a chest only had been realised, it would be found that the Government would have not made more by the manufacture of opium in Bengal than by the duty which they get from the Malwa opium, without any trouble or difficulty at all. Many people think that if the cultivation were thrown open, there would be such an increase in the quantity that the Government would get, from the duty of 60 *l.* a chest, as large a revenue as they get now or larger.

8200. It all depends upon whether it can be grown as cheaply in India as in China, taking into consideration the transit, of course?—Yes.

8201. Have you formed any opinion upon that?—I should think that with the fertile soil, the favourable climate, the abundant supply of labour, and the experience that has been gained in the manufacture, and plenty of money, India ought to be able to hold her own in growing opium against any part of the world except China; but in China they are growing opium for their own consumption at their own doors. Every chest of opium that goes to China from Calcutta, for instance, pays about 25 rupees a chest for freight, and then there is the insurance, and charges of one kind and another, to get it to the sea coast, and then to send it up into the interior, so that by the time that it arrives at the place of consumption, there is a considerable amount of charge added. The correspondence in that Blue Book containing the Report of the Shanghai Chamber of Commerce, which was very highly spoken of by Sir Rutherford Alcock, gives the rate at which Indian opium and China opium are selling at different places. The report which was given by the opium examiner for the Government shows that the sample, if it was a correct sample, of China opium, sent in by Mr. Nussarwanjee, was very much improved in quality, and very much more assimilated than the Bengal opium, than the samples he had seen before, which were very inferior. I think that that question of the quality is as important as the question of the quantity.

8202. Malwa opium is far superior, is it not?—No; it is very good, but I think that Patna is almost the best.

8203. Besides those charges which you have mentioned, you have to add the charge of taking the opium down to Calcutta from the place of growth, and then the duty?—Yes.

8204. So that it is enormously weighted by the time it gets to China?—The expense of sending it down to Calcutta is not much, but the expense of sending it to China, and the duty you pay there, and the squeezes which the mandarin takes, by the time it gets to the hands of the consumer, considerably weight it.

8205. You think that there is considerable danger that the Chinese may drive us out of the market?—I think that all the evidence which has been given before this Committee seems to go that way, and all that I have ever heard and seen on the subject makes me think that that is the danger. I am not afraid of Turkey, or Persia, nor any opium, except the China opium.

8206. I do not see how your proposal to throw open the opium growth and manufacture would prevent that, because you simply change the form of account, and you charge what is now charged by the Government for the cost of manufacture to the item of duty; you do not reduce the expenditure upon opium in India by throwing open the manufacture and growth, do you?—At present, as shown by the result of the last year's opium, the Government have got a profit by the duty, and also the profit of the manufacturer; they have got more than the 60 *l.* a chest. I think that private cultivation could bring down the price in case of need; in fact, that private people could manufacture opium cheaper than the Government could, just as they manufactured indigo cheaper than the Government could do years ago.

8207. There would be a saving, no doubt, if that is so; but would there be sufficient to enable them to compete with the Chinese at their own doors; that is the question, is it not?—That is the question; but I think the public can produce more cheaply than the Government can; they would be more likely to do so. Of course, in case of need, the Government would have to reduce their duty. The duty upon Malwa opium has not always been 600 rupees; it has varied; and the Government, rather than lose 60 *l.* a chest, would have to take less.

8208. But the whole sum of your opinion is this, that there is a margin which could be obtained by the greater economy of private cultivation than Government cultivation, which would put off the evil day?—I think that the Government themselves could produce opium cheaper, if they wanted to do so, and in a larger quantity; but I think in all probability private cultivation would produce it cheaper still.

8209. When you say that the Government could produce it cheaper, do you mean that there is extravagence in the present management?—I think that the Government could reduce the rate that they pay to the ryot. I was told so by a gentleman only the other day, who had been connected

nected at one time with the opium department in India; at Patna, I think it was.

8210. You mean that the cost of the rent of the land might be reduced?—The Government take it from the producers and pay a certain rate; I think that the producers could produce it at a lower rate, and yet make a profit.

8211. If the Government were to lower the rate to the ryots, they would be enabled, by more economical management, to make the same profit themselves, you think?—Yes; but I do not think that the Government will ever manage so economically as private persons would.

8212. Sir *C. Wingfield.*] You were giving just now Lord Canning's rules for the sale of waste lands at 5*s.* an acre; has not the result been that many of the tea companies and individuals bought a great deal more land in Assam and in those parts than they could pay for, and that latterly they have been obliged to ask the Government to take back the land and forgive them the payment?—I do not know whether tea companies have done so; individuals have done so, I know. As I have said, the tea cultivation went through a period of very great depression indeed. Very soon after those rules came into operation large tracts of land were taken up; in many cases people took more than was wise.

8213. Owing to the cheap price, people took a great deal more than they could pay for?—Yes.

8214. And that has been found not only in Assam, but also in other parts of India, that a great deal of land has been thrown back into the hands of Government?—Yes.

8215. Immoderate expectations were raised as to some of the advantages to be derived from purchasing waste lands?—Yes.

8216. What objection did you see to the modification of the rules that required all waste lands to be sold by auction?—The objection that I saw to that was this, that we found practically that when it was put up to sale by auction, a number of mock buyers came forward, in some cases Europeans, in more cases natives. There were a number of cases where the natives, in order to please the Government, bid in the auction sales, and when it was knocked down to them they could not complete the bargain, and they were let off. And there was another objection not connected with the auction sales. We found that the Government not surveying the land and selling it in plots as it is in other parts of the world, the moment that a man applied for a survey, who was supposed to understand what he was about, and to be an experienced man, other people would go competing for the land which he was known to be after. I myself have had to write up to our agent, not to make any inquiries, or apply in his own name, because he was known to be an experienced man.

8217. But then the Government should have done in Bengal what it did in other parts of India, and that was to make a survey of the waste lands, and then mark them into allotments itself, and then put them up for sale?—That would have been the proper plan, do doubt.

8218. You said that you thought the future tea cultivation in the Kangra Valley as great, or greater, than in Assam?—Yes.

8219. But it is not the case that the yield of a tea plantation per acre is far less in the colder climate of Kangra than it is in the moist damp climate of Assam?—No, I do not think it is materially so, and quality is exceedingly good.

8220. But have you not always heard it said that the yield is very much larger than in Assam?—No, I do not think so. I think that there is a great future for Darjeeling. I believe that Darjeeling is producing tea now to a very great extent.

8221. You think that in Assam, having passed through a period of depression, it is now likely to flourish?—I think so.

8222. And what limit to the extension of the cultivation do you see at present; is the want of labour the only limit at present?—The want of labour was one great difficulty when first the tea cultivation took a great start. I was in the Legislative Council of Bengal at that time; there was no end of pains taken to regulate the transport of the coolies and to take care of them, and so on, and it was very difficult and very expensive; a great many of them ran away, and others would not re-engage at the end of the term.

8223. Do you think that the failure of so many companies and the terrible depression of the tea enterprise for some time was owing mainly to the companies and individuals having in the first instance brought a great deal more land into cultivation than they could find labour properly to superintend and keep in order, and also to the extreme ignorance and inexperience of many of the people employed as managers?—I think that it was owing in a great measure to the last cause that you have mentioned. I know myself persons who had great difficulty in finding superintendents, and who got all sorts of people who knew nothing about it. There are tea companies that are now producing tea of good quality that were not producing it two years ago. I know cases where the same company, under a man who understands the management better, is producing very much better tea, and making a profit instead of a loss.

8224. But do not you think that bringing more land under tea cultivation than they could keep in order was one cause of the depression?—That had something to do with it.

8225. A great many of these companies had to give up land that they had planted, if I remember right, and reduce their area of plant?—Some of the companies collapsed altogether.

8226. But do you think that now there is no apparent obstacle in the way of a very considerable extension?—No, I do not see any obstacle if labour continues to go to those districts, and if the population increases from natural causes, which I think it is doing to some extent; I do not think that there is any great difficulty except labour.

8227. Do you consider tea cultivation to be more dependent on the vicissitudes of weather than any other cultivation?—No, not nearly so much as indigo cultivation.

8228. Mr. *Beach.*] There is this objection to accumulating waste land in fee simple, is there not, that the land revenue being the principal source of revenue in India, there would be no prospect of obtaining any revenue from that land for the future?—I am speaking of sales of waste land which never did give any revenue to the Government at all.

8229. They have never given any; but if a sufficiently long lease was given, there would be revenue to be obtained in future, would there not?—Yes; but I do not think that people will take land on lease on the same terms as those on

Mr. W. Maitland.

23 June 1871.

which they will buy the fee simple. At the time that Lord Canning's waste land rules came out, there was a provision under which persons could redeem the land tax. That was soon repealed, and very little was done under it; but I am speaking of waste land that never produced anything to the Government at all.

8230. Was that only for the purposes of tea cultivation?—For other purposes as well, but I think mainly for the tea cultivation.

8231. Are the expenses connected with tea cultivation so great that a long lease would not be sufficient to induce anybody to undertake it?—No; I think that a long lease would probably induce people if better terms could not be had; but I think that they would be certainly more attracted by being able to buy the land outright. The coffee cultivation in Ceylon is carried on under that system.

8232. But nearly all our evidence hitherto has gone to this fact, that a 30 years' lease has been sufficient for ordinary purposes to induce anyone to take land and to give him an interest in the cultivation; is not that so?—Yes; but I think that that applies more to lands that were already in cultivation. A 30 years' lease seems to be given generally in Bombay, and not a permanent settlement; but I think that that applies more to cultivated lands than to waste lands.

8233. Sir *C. Wingfield.*] Do not some of the old tea companies hold their land on lease; they began their enterprise before the sale of waste lands was allowed, did they not?—Yes; they did.

8234. Mr. *Beach.*] With regard to the cultivation of the poppy, I thought that cultivators undertook the produce of the poppy, and advances were made by the Government?—Yes; so they do.

8235. The Government do not actually cultivate it themselves; they make advances to other people to cultivate it?—Yes; they make advances to other people to cultivate it, and then take the produce, at a certain fixed price, into their own factories, and there the manufacture is completed. I believe that what the ryots deliver to the Government is the opium in a very rough state, and the manufacture is finished in the factories.

8236. The Government do not undertake the sale themselves in Calcutta, but it is entrusted to an auctioneering firm, is it not?—No; that used to be the case, but latterly the Government, for the sake of saving expense, sell it themselves, I believe.

8237. They sell it by auction?—Yes, just in the same way as before, only that they sell it themselves, instead of an auctioneer selling it.

8238. With regard to the income tax, would you kindly inform me on what portion of the population the income tax chiefly falls?—I cannot tell you that.

8239. Chiefly in the towns, I presume?—Yes.

8240. Chiefly on those who do not pay, for instance, the land tax?—Yes; I think it would fall chiefly upon towns, but it would fall also on those who pay the land tax, if they paid a sufficiently large amount.

8241. But, in your opinion, if the income tax was at a low rate, such as 2 per cent., it is not an unfair mode of levying taxation?—No. When I was in India the rate was about 2 per cent., and then India was more prosperous than it has been lately; people were doing better and I did not hear much complaint; but a great deal of complaint has arisen since. One of the reasons, I think, is, that persons are not so well off, and that they feel the pinch more than they otherwise would do; and the rate having been increased, it falls very heavily upon them.

8242. Is it necessary to make the tax such a very inquisitorial one; cannot the income be taken in many cases at its source?—It can be so taken, in the case of payments of salaries and interest on Government paper; and on all payments of that sort, the income tax is taken in that way just in the same way as a bank in London deducts the income tax. All the income tax on Government paper is deducted when the interest is payable.

8243. Mr. *Dickinson.*] You speak of the Assam plantations as being in unhealthy parts of the country?—Assam is not so healthy as other parts.

8244. Do you consider any part of Assam calculated for a European settlement?—Not for a European settlement in the same sense that Darjeeling would be, undoubtedly; but I think that there are numbers of planters there, and the numbers will be increased, although it is not so healthy as other parts.

8245. I do not mean planters living there for a time, but coming and bringing their families there?—No, I do not think they could.

8246. Then in that case it would not be one of the advanced posts that you spoke of?—No, but it would be so at Darjeeling, and it would be in the Kangra Valley, and all about there.

8247. Is not the price of Indian tea very much affected by the mode of packing and transit; is not the packing very expensive?—Of course the price is affected by the expense of transit.

8248. In the packing, I think, lead is used?—Yes, lead is used in packing, just as it is in China.

8249. I understood that the packages of the India tea companies were really very expensive packages; the lead and the wood packages?—The wood packages are not very expensive; they are rather dear to buy, but there have been complaints sometimes that they are not so good as the China packages.

8250. Would not the capital involved in purchasing the land be more profitably employed as speculation, in being applied to the tea planting itself?—Of course if you could buy at a very low rate, the capital involved in the purchase of land would come to very little.

8251. Still would not the capital be better employed, as a rule, in the cultivation itself, than in the purchase of land?—No; 5*s.* an acre, I think, is so little that it would hardly be considered, and even at 1*l.* an acre, I think it would be better to buy outright. That is the result of the experience in Ceylon. The land there cultivated with coffee is land which has been bought from the Government in fee simple.

8252. Another system has not been tried there, that of giving long leases?—No; but as a general rule all over the world, I think you find that people, if they can buy land outright, very much prefer doing so, even though they do sink the capital in the price they pay for the land.

8253. Mr. *J. B. Smith.*] I think you stated that you have a great objection to the export duty on rice?—Yes.

8254. Would not the same objection apply in principle to all duties on the export of produce?—Yes.

Yes. My objection to the export duty on rice is just this: that rice can be produced, and is produced to a large extent in other countries where the export is free. That is my objection to it. If there is any article of Indian produce which competes with that of other countries, and if it is heavily taxed, I think the same objection would apply to it. I do not think that if you look over the tariff there is any export duty on anything except rice that I conceive is objectionable.

8255. Is not the effect of the duty upon the export of rice to give a bounty to the producers of rice in other countries?—Yes.

8256. And therefore it must be objectionable, and an injustice to the producer or cultivator of rice in India?—Yes, I think so.

8257. What is about the average price of rice in India?—I suppose that it can be put on board at about 5*l.* or 6*l.* a ton.

8258. And what is the revenue that is produced?—The revenue I think is about a quarter of a million from all parts of India. The export duty, at 10*s.* a ton, I think will be found to be equal to that.

8259. And you have reason to think that already they are beginning to feel the effects of that duty in foreign competition?—Yes; and I can put in mercantile circulars from China, and from Saigon, which state that, in consequence of there being a great demand for rice in China, 25,000 tons of shipping had just gone down to Saigon and Bankok. In my time there used to be a very large trade in rice between Calcutta and China, and I think that that has all been diverted; of course, Siam and Cochin China, being nearer to China, have the advantage already; and then the Bengal and Burmese rice is further weighted with this extra duty.

8260. There was formerly a duty on the export of saltpetre from India, was there not?—There was formerly a duty on the export of saltpetre which was doubled in the time of Mr. Laing, and injured the trade.

8261. The effect of that duty was to destroy the export, was it not?—It did not destroy it, because there is an export still; but it destroyed the duty, because it gave such a stimulus to the production of artificial saltpetre in France and Germany that the Government found that they were obliged to reduce the duty, and finally to give it up altogether.

8262. They have given up the duty after having ruined the trade?—I will not say that they have ruined the trade, but they have injured it.

8263. Is the export now equal to what it was?—No.

8264. Then, in fact, the Government have done something towards ruining the trade without benefiting the revenue?—Yes.

8265. And you fear that a similar result may occur with regard to rice?—Yes; because India having lost the whole of that trade to China, I am afraid the same thing is taking place with the trade to Mauritius and to Ceylon.

8266. Sir *T. Bazley.*] You have told us that, in your opinion, the opium and the tea may be almost infinitely extended?—I think tea may be, and opium may be considerably extended. Opium requires good soil, and could not be extended to the same extent as tea, I suppose; but still I apprehend that it could be considerably extended in India if necessary.

8267. And do you think that there are the same facilities for extending the cultivation of rice, flax, cotton, and sugar?—Of rice certainly. Flax can be produced. There is not much sugar produced in India now compared with what there used to be; not for export to Europe. The production could be extended, but there is not so much demand for Indian sugar for Europe as there used to be; Indian sugar is more used in India itself. I remember the time when we never used to send any sugar from Bengal to Bombay; now there is a large export of it from Bengal to Bombay.

8268. Are you acquainted with the means of extending the cultivation of cotton?—No, I am not practically acquainted with it; but I know that great pains have been bestowed by many people upon the cultivation of cotton, and I am glad to see that the Government have just established a Board of Agriculture.

8269. Can you tell me whether you think the agricultural or the manufacturing resources predominate in India?—I think the agricultural.

8270. Mr. *Lyttelton.*] Is it the case that no land revenue at all is raised from the tea plantation in the Lower Provinces?—No. I think that generally the tea plantations are held in fee simple, that the Government get nothing from them.

8271. What was the land before it was sold as waste?—Forest land, a great deal of it.

8272. And can you state roughly what the value per acre of a flourishing tea plantation is at present?—No, I cannot tell you that very well.

8273. It is of considerable value, is it not?—Yes, of considerable value; but then, of course, there has been a very heavy expense incurred in buildings and importing labour, and so on; that is the greatest part of the expense, and wages, of course.

8274. Compared with opium, is it anything like as valuable as opium land?—No, I should think not.

8275. But it is more valuable, is it not, even taking into consideration the outlay that has been bestowed upon it, than a great deal of land in India that does pay land revenue?—Yes; it is more valuable with the outlay that has been made upon it.

8276. Mr. *M'Clure.*] Do the tea plantations require manure?—There is the expense of clearing the land, if it is forest land, and the wages, and the pay of the European superintendence, which is, of course, very heavy; and they are beginning now to use manure; and then there is the cost of the boxes, and the expense of sending it down.

8277. Mr. *Lyttelton.*] What sort of land is regarded as suitable for tea cultivation?—I do not think that it requires any particularly rich land, but such land as you find in Assam. There has been a good deal of indigenous tea, which was found some time ago; there are jungles that were found, when cleared, to have some old tea plantations, which were supposed to have been abandoned many years ago.

8278. In the event of a great diminution in the opium cultivation in India, could tea cultivation take its place?—No; tea could only flourish in a rather hilly country, and opium is produced in the plains.

8279. Sir *T. Bazley.*] Do the Chinese come and labour in the Indian plantations?—No; we

Mr. *W. Maitland.*

23 June 1871.

tried once or twice getting the Chinese round, but did not succeed. They have been brought round, not mere ordinary labourers, but men who have been clever in drying the tea; but it has been found, now that the system of manufacturing tea is sufficiently well understood for us to dispense with Chinese labour. I brought them round myself at one time.

8280. Mr. *Lyttelton.*] Is China opium an opium approximating in strength to Indian opium?—This Report, to which I have referred, says that the samples sent round approximated in strength and in quality to Indian opium in a way that no sample which they had seen before had done. Up to that time it was generally said that it was very inferior both in quality and in strength, particularly in quality. It is a question whether they are not now improving it so much as to make a really good quality.

8281. I suppose it is rarely found that when an opium smoker is once used to a strong kind of opium he takes to smoking a less strong kind?—He would not unless he were obliged by being too poor to buy the best.

8282. Mr. Cooper told us that the Chinese opium was not more than half as strong as the Indian opium; but your information is, perhaps, more recent than his?—The information which I have is dated about a year and a-half or two years ago; but that information is derived from what the Government of Calcutta have in their own hands. They have got the samples, and their own opium examiner's reports.

Tuesday, 27th June 1871.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Birley.
Mr. Candlish.
Mr. Cave.
Mr. Crawford.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Grant Duff.
Mr. Eastwick.
Sir James Elphinstone.
Mr. Fawcett.
Mr. Robert Fowler.
Mr. Haviland-Burke.
Sir Wilfrid Lawson.
Mr. Lyttelton.
Mr. M'Clure.
Sir Stafford Northcote.
Mr. J. B. Smith.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR

Major BATEMAN CHAMPAIN, R.E., called in; and Examined.

Major *B. Champain*, R.E.

27 June 1871.

8283. *Chairman.*] WILL you be good enough to state what office you hold under the Government of India?—I am Director in Chief of the Government portion of the Indo-European Telegraph.

8284. You are aware that in the accounts of the revenue of India for 1869–70, there is an item for "Telegraph" of 202,932 *l.*, "Ditto in England," 44,110 *l.*, as the receipts for the revenue for that year from telegraphs?—Yes; I do not answer for the Indian portion of that; I only answer for the receipts of the Indo-European Telegraph, which are separate, the English and Indian receipts of the line connecting England with India; I have nothing to do with the telegraphs in India itself.

8285. What portion of that receipt, then, is made up of the telegraphs with which you are connected?—Taking the total sum shown in the receipts for that year, the receipts in India during that year were 73,041 *l.*, and of the receipts in England 44,110 *l.*; but those are not the actual earnings of the line, because a great portion of that was due to former years.

8286. Those are receipts within the year?—Those are the receipts within that particular year.

8287. Can you tell us what were the actual earnings within that year?—The amount was 76,126 *l.*

8288. Will you be good enough to state from what telegraphic lines of communication this money is earned?—This money is earned by the Government portion of what is called the Indo-European Line, the original line of telegraph to India. The lines that are under my charge leave Kurrachee and extend through the Persian Gulf to the mouth of the Euphrates and Tigris, and another branch touches the Persian coast at Bushire, and runs up to Teheran; that line is fed from Europe by the Indo-European Companies' special line, *viâ* Prussia and Russia.

8289. Which joins it at Teheran?—Which joins it at Teheran. The other fork of the line is fed by the European system *viâ* Constantinople to Bagdad.

8290. By the Turkish Government?—It is supported by the Turkish Government; but at present the bulk of the traffic passes *viâ* Russia, which is by far the best route.

8291. Do these receipts include only the share of the Government of India for their portion of the line, or are they receipts for the messages through?—What I have stated as the earnings of the line, 76,000 *l.* odd, are the actual earnings of the line, its own share of the gross receipts for that particular year.

8292. And is there any charge included for transmission in India, or is your line separate for the purposes of this account from the telegraphy in India?—It is separated entirely.

8293. Can you state what has been the general character of the earnings of the line within the last few years?—For the first four or five years we averaged 96,000 *l.* earnings; then in 1869, from several causes, the receipts fell to 76,000 *l.*; and afterwards they fell a little again, and now they are rising.

8294. What was the cause of that fall in the receipts in 1869?—From the 1st of January 1869 we reduced the through tariff for a message from England to India from 5 *l.* 1 *s.* to 2 *l.* 17 *s.*; and although we increased the number of our messages, yet we did not do so sufficiently to make the total receipt equal to what it was before.

8295. What was your share of that reduction?—We reduced our charge from 2 *l.* 10 *s.* to 1 *l.* 8 *s.*

8296. Are the details of the line under your charge contained in the Paper which was laid before Parliament in 1870?—Yes.

8297. What is the lowest point to which your telegraphic receipts have fallen since the reduction of the rates?—That was the lowest year up to that date, when they fell to the sum of 76,000 *l.*

8298. Do you happen to know what they were in the last year that is just concluded?—In the last year that is just concluded we have had other causes at work that have reduced the amount; but the number of messages has gone on increasing. Our actual receipts have gone down to 53,000 *l.*, I think it is; but then we also have to add to that a small sum for the earnings of the Persian line.

Major *B. Champain*, R.E.

27 June 1871.

8299. What has been the cause of the last reduction to which you have just referred?—The opening of the Red Sea line is the principal cause, which took away a great portion of our traffic for a considerable time.

8300. Has that rendered it necessary for you to alter the rate again?—We have been compelled, in communication with the Red Sea line, to raise our rate from 2 *l.* 17 *s.* eventually to 4 *l.* 10 *s.*; it was done gradually. In the year 1869-70 the Red Sea line was not opened. Our share of the rate is still very low; we only get 1 *l.* 8 *s.* out of the 4 *l.* 10 *s.*, and a small portion on the Persian line, from Teheran to Bushire, which it is rather difficult to give exactly. We pay a certain sum to the Persian Government for the use of that line; and this last year we got only a total sum of 2,850 *l.* for that; so that our gross receipts for the last year, 1870-71, were 56,250 *l.* altogether.

8301. How does it happen that you have kept on the lower rate, whilst the whole charge is much higher than it was when you reduced your rate?—We raised our rate. We got our share (a certain share), but not such a large proportion as the company got which feeds us. It was found that they were absolutely unable, owing to the opening of the Red Sea line, to work at the low rates; it was on their account that the rates were raised; and the British Indian Company found that they were compelled to raise their rates. Then we raised merely in self defence, because, that raising of the rates reduced the number of messages.

8302. Is the result of opening the Red Sea line that the rates are now higher than they were before it was opened?—They are higher than they were, but there are two good lines to India now; that is an extra security, which has to be paid for by the public.

8303. The whole through rate has been raised, but has your rate been raised in the last arrangement?—Our rates have been slightly raised. We used to get 1 *l.* 8 *s.* for the whole length of the Persian Gulf, but from Bushire we only got 1 *l.*, and the bulk of the messages went by Bushire. Now, since Febuary, we have raised it to 1 *l.* 8 *s.*; and no matter whether a message comes from Turkey, or *viâ* Persia, it pays by the cable the same amount of 1 *l.* 8 *s.*

8304. Sir *S. Northcote.*] Are we to understand that though the rate has been raised, and the number of messages has increased, the receipts have fallen off?—The rates have not been raised for the year 1869-70, which I am talking of.

8305. But the number of messages, you say, has increased?—Yes, steadily.

8306. And yet the receipts have fallen off?—Yes.

8307. *Chairman.*] Since the Red Sea telegraph has been opened the number of messages has been reduced, has it not?—Yes; it went down last year from 46,000 to 41,000 messages, I think.

8308. Do you recollect what it was in 1865-66?—About 28,000, I think.

8309. And it went on steadily increasing till 1869-70, when it was 46,000?—Yes.

8310. And this last year it has fallen to 41,000?—Yes.

8311. Sir *C. Wingfield.*] The rates were raised about two months ago, were they not?—They were raised in February.

8312. *Chairman.*] But what will your share be of the revenue from the telegraphs under your charge now that two lines are opened?—Well, I am pretty well convinced that we can considerably more than pay our working expenses, which have been reduced very much during the last year, but that we cannot pay any large interest on the capital expended. We have a double and a very expensive line from end to end; it costs a great deal of money to keep up; it is working admirably, but at the same time the rates cannot be put so high as to make the thing pay a really good dividend.

8313. Starting from the 53,000 *l.* which you earned in the year just closed, what do you think will be your probable future gross income?—I calculate that we shall have next year upwards of 70,000 *l.*, and that we shall gradually increase our earning, but not very rapidly.

8314. Can you state to the Committee what has been the total sum expended in the construction of the lines under your charge?—The total sum expended is 1,111,000 *l.*, but a portion of that is recoverable; I think about 95,000 *l.* is recoverable.

8315. Recoverable from whom?—From the Persian and Turkish Governments.

8316. Sir *J. Elphinstone.*] That was the sum expended by the Indian Government?—Yes, by the Indian Government.

8317. *Chairman.*] And by the Home Government also, I suppose, in supplying materials?—Yes, that includes all charges.

8318. As well as the expenses of superintendence in laying down the line?—All that.

8319. And can you give us an account of the working expenses, taking the year 1869-70?—Yes, the working expenses for that particular year were 81,000 *l.*

8320. And have you them for 1870-71?—For 1870-71, they are reduced considerably; I have not the figures with me.

8321. Perhaps you can give the Committee, in a tabular form, for the period since 1865-66, the receipts and the working expenses, and the surplus or deficiency?—Yes; this Return in my hand gives the total sum expended, up to the 31st March 1870-71, 1,111,973 *l.*—(*Vide* Appendix.)

8322. Sir *C. Wingfield.*] Since then there may have been some outlay on plant?—There has been no outlay on plant to speak of.

8323. *Chairman.*] Referring now to the Parliamentary Paper, can you give the Committee the information which they desire?—Yes; here are the different years. The working expenses of the Indo-European telegraph for 1865-66, were 70,000 *l.* in round numbers; the average earnings from 1865-66 to 1868-69 were 96,000 *l.*

8324. Mr. *Fawcett.*] Will you put side by side in your tabular statement the receipts and the expenses?—Yes; the working expenses were 70,000 *l.* in 1865-66; 77,000 *l.* in 1866-67; 76,000 *l.* in 1867-68; and rather under 70,000 *l.* in 1868-69.

8325. *Chairman.*] Can you tell us what proportion the superintendence of officers bears to the other expenditure?—Would you include the signalling establishments.

8326. No; I meant the superior European officers?—No, I cannot tell you that; I can give you the exact pay of every individual from this table which I have just made up.

8327. What is the superintending establishment?—

ment?—In Persia the whole establishment, including all the signallers, the probationers, the inspectors of the line, the mechanicians, the traffic manager, the medical superintendents, the superintendents of the line, and the directors amounts altogether to 1,665 *l.* per month; that is for Persia itself. Then, in addition to that, there is the Persian Gulf establishment, which includes all the directors, the traffic branch, the medical branch, the electric branch, the workshops, and the whole staff for working the land-line and the cable-line, and the total cost of that is, at present, 2,200 *l.* a month, in round numbers.

8328. Have you the establishments in England and India?—The establishment in England is comparatively small. I have given you the Indian charges as they are paid by the month. In England there is my own salary and office (I am in England generally in the summer, and travelling in the winter; I have just returned about a fortnight ago), amounting to 1,763 *l.* 12 *s.* 6 *d.* The London office is 1,156 *l.* a year, and the Constantinople office is 473 *l.*; that is all that is paid out of India.

8329. At Kurrachee, is there any separate establishment?—That is included in what I have given already.

8330. Is the rest of the expenditure made up of materials and repairs?—The total expenditure is made up in this way: establishment; house rent in Persia for some of the subordinates, which is a small sum of only 330 *l.* a year; travelling expenses, which are rather considerable in Persia; repairs to the line; stores which are required, electric stores, and occasionally iron poles and insulators, and things of that kind; printing and postage: and the payment of the line guards, who are maintained to keep the line in order, and repair it the moment it breaks down.

8331. What is the cost of that last item?—The line guards on the Belooch coast cost us 1,140 *l.* a year, and on the Persian line they cost us 1,200 *l.* a year.

8332. Do you think the expenses are likely to be increased or diminished?—We can reduce them, and are now reducing them; we have nearly reduced to the amount, covering every single thing, of 62,400 *l.* a year, and, perhaps, we can come down to 60,000 *l.* in a very short time.

8333. Would that include all the average annual expenses of relaying and replacing the telegraph?—It includes everything in that way; but no extraordinary expenditure, such as might be necessary in case a cable were utterly broken, or in case the Persian line, for instance, were demolished.

8334. Do you maintain any vessel to look after the line?—We maintain a vessel at Kurrachee.

8335. Is the charge for that vessel included?—A part of the charge is included, all the engineering staff of the vessel is included, but for the last year or two the cost of the vessel has been debited to the Marine Department at Bombay.

8336. How long do you estimate the marine cable will last, or when will it become necessary to incur heavy expenditure to repair or replace it?—That is a question which I think nobody could answer; it has never been found out yet how long cables can be depended upon. Our present cable was laid in the early part of 1864, and it is as good now, and tests as well, as when it was laid; but we have had to repair it very often where it has been chafed by rocks, or cut by an anchor, or where a latent fault has developed itself.

8337. Do you mean that apart from these special causes, it gives no indication of decay in its general appearance and structure?—No, the cable itself does not; we have seen some signs not of general decay, but places have been cut out, and I have brought home pieces to show here; I have had no opinion given of them as yet, but they seem to me to show that a cable cannot be depended upon to last for ever.

8338. But have you been able to form any judgment upon the disintegration of the cable, so as to give us an idea how long it will last?—No; I have only just arrived in England, but the general opinion is that a cable should last 30 or 40 or 50 years.

8339. Sir *C. Wingfield.*] It depends upon what bottom it lies upon, whether it is mud or not?—Yes; it is impossible to give a general answer to the question.

8340. *Chairman.*] Does your estimate include repairs of accidents?—Yes; we put down a certain sum for that for a number of years, and we calculate that the cost of the line would be about that.

8341. Sir *C. Wingfield.*] Mr. Thornton, in his note at page 48 of the Parliamentary Paper of April 1870, says that the annual expenditure for management and maintenance has averaged 80,000 *l.* for four years?—I think Mr. Thornton has given it in round numbers, and I gave you more accurate numbers; but it went very nearly to 80,000 *l.* At page 20 in those Returns, moved for on the 31st of March 1870, you will see the sum total at the bottom for the different years. I see where my error has arisen; I gave you, taking them from these Tables, the working expenses incurred and paid in India, and I did not include those incurred and paid in England, which amount to 45,000 *l.*, to be divided over five years.

8342. Then Mr. Thornton is correct?—Yes.

8343. Then Mr. Thornton says that the working of the Persian lines has cost the Government 23,000 *l.* a year?—Yes.

8344. And he recommended that these Persian lines should be given up and made over to the Persian Government; has that been done?—No; I think that the recommendation was afterwards generally withdrawn. The idea now is that it would be better to keep the Persian lines, which will pay us something; and hitherto they have paid us nothing.

8345. What was the arrangement with the Persian Government for the working of those Persian lines?—The original arrangement was that the Persian Government were to pay for the wire and material from England, and supply us with poles and labour; the English Government were to grant the officers and the men to superintend and to work the line, and the whole of the receipts up to the sum of 12,000 *l.* a year were to be paid to Persia. In those days the traffic did not pass by Persia but kept by Turkey; the consequence was that the receipts never reached 12,000 *l.* a year; and although we were obliged to spend a great deal of money in keeping the line up we got nothing at all by it.

8346. It was as Mr. Thornton says, worked at a dead loss of 23,000 *l.* a year?—Yes.

8347. But since the Indo-European, Mr. Siemens', line through Russia, has been established,

Major *B. Champain*, R.E.

27 June 1871.

lished, does that same arrangement with the Persian Government go on?—No; since Siemens' line was opened we have come to the agreement that, instead of the Persian Government taking all the receipts up to 12,000 *l.* a year, we give them a lump sum of 4,800 *l.* a year; we give it them, no matter what the receipts of the line are; and we halve the remainder of the receipts with the company.

8348. What has been the financial result of that arrangement since the opening of Siemens' line; is it that you have been getting some revenue from it?—We have been getting some revenue from it, and we hope to get more.

8349. Can you give me some idea what the revenue was; was it a very insignificant sum?—The first year that that system was tried we received about 10,500 *l.*; deducting the Persian royalty of 4,800 *l.*, there remains 5,700 *l.*; we got half of that, and the other half we take as part payment of the old debt that Persia owes us.

8350. Now it so happens that, in consequence of the British Indian Submarine and the Indo-European (that is Siemens') Line having agreed with the Government of India to raise their rates to 4 *l.* 10 *s.*, and the Turkish rates not being raised, messages can now go through Asia Minor to Constantinople at a very much lower price than by the Indo-European or Suez Line; is not that the case?—Yes; the rate by Turkey is 2 *l.* 17 *s.*, as our rate was formerly, and ours is 4 *l.* 10 *s.*

8351. So that there is an inducement to people to send their messages through Turkey?—A private individual sending a message about private affairs ought to take the Turkish Line, because the messages only take 36 hours between England and India, but merchants are compelled to take the short line; taking our average for a few days it was 2 hours and 55 minutes.

8352. When the Vienna Convention meets again, is it the intention of Turkey to raise her rates?—We hope to induce Turkey to raise her rates; if we could lower ours it would be a good thing; but there is no understanding come to as yet.

8353. Do you find that on the Indo-European Line, in consequence of raising the rate to 4 *l.* 10 *s.*, the result has been that while the number of messages has diminished, the amount of receipts has increased?—Yes; they have increased since we raised the rates.

8354. But the messages have diminished in number?—Decidedly; but not nearly so much as to affect the increase of rate.

8355. Then Mr. Thornton says in his memorandum that there is a charge against the telegraphs of 20,000 *l.* which might more properly be charged against the political department; now I cannot very clearly, looking at the Return, make out what the nature of those political charges is; but first I will ask, has any portion of those charges here described as political, been transferred from the telegraph to the general Government?—Mr. Thornton says: "But besides this, Colonel Goldsmid and Mr. Kellner point out that of the expenses hitherto charged against the telegraph there are several, such as payments for the hire of occasional steamers, that ought never to be repeated, and others that have nothing to do with the maintenance or working of the telegraph, and which, if continued, ought to be charged against the political department." The fact is that one of those charges, I presume, which is alluded to, is the payment of the political agent and his escort (which he is obliged to have) on the coast of Beloochistan. He was originally sent there to arrange for the construction of the land line along the coast with the petty chiefs of the place, and it was very necessary that he should be there; but, at the same time, he not only did work for the telegraph department, but there is no doubt that he did a great deal for the political department also.

8356. But if there had not been a telegraph there would have been no thought of sending a political agent there, I presume?—Possibly not. I cannot say as to that; but the fact is, that he was charged entirely to the Telegraph Department.

8357. Has that charge been struck out?—We are in future to pay half this; that is to say, we shall pay him altogether, and recover the amount from the Political Department afterwards; half his own pay, and the pay of his escort. Then there were gun boats sent up; once or twice there were little disturbances along the coast, and it was thought advisable to send gun boats. But it should be remembered that in the old days there was always an Indian navy kept in the Persian Gulf, and the necessity of that was recognised at the time. They did away entirely with the Indian navy, and sent up Her Majesty's ships now and then; and the extra cost of the gun boats going up ought not, we thought, to be charged entirely to the telegraphs. For instance, there are occasions when Colonel Pelly, the political agent there, employs gun boats; and I think their cost was charged to the Telegraph Department. Another instance is, that we keep up a station on the Persian Gulf, namely, Angaum, that we have no need for, telegraphically speaking; it is not really required for the telegraphs, but is required really for political purposes. It is a kind of naval station; a coaling station for any of Her Majesty's ships going there; so that we actually keep up a station there, which might be struck off without injury to the telegraph itself.

8358. But you know that the Indian Government pay the Imperial Government 70,000*l.* a year for the naval service of the Persian Gulf; so that it is not the fact that, because the Indian navy has been abolished, the service is no longer rendered; it is rendered in another way, and paid for; therefore any charge for sending gunboats to the Persian Gulf, necessitated by the telegraphs, ought surely to be debited to the telegraphs?—It might be looked upon in that way, certainly; but the gunboats have been sent, I believe.

8359. To what degree has this charge of 20,000 *l.*, under the head of "political," which stood against the telegraph, been reduced now; by transferring items such as you describe to the general imperial charges?—This refers to Colonel Goldsmid's letter on the subject. Colonel Goldsmid and Mr. Kellner pointed out that this sum of 20,000*l.* might be reduced. I do not know exactly how they make up the 20,000*l.* We have reduced everything now that can be fairly done.

8360. You cannot say how much that item has been reduced?—I cannot quite make out how the 20,000*l.* is made up. Mr. Thornton makes up several items from Colonel Goldsmid's and from

from Mr. Kellner's letters. The fact is, that now, except the payment to the political agent, and the payment to the tribes, small subsidies to the tribes along the coast, and this payment of 4,800 *l.* to the Persian Government, there is nothing in the form of a political charge except this single station of Angaum.

8361. But I suppose you could inquire and put in an exact statement of the amount by which it has been reduced?—Yes.

8362. You say that you have reduced your expenditure on maintenance and management by a considerable sum, and I expect this sum is very considerably made up by the reduction of political charges?—No; the reduction to which I alluded is made up almost entirely of reductions in the working staff.

8363. I forgot what it was you said, that in the last year the cost of management and maintenance had been reduced to ——? — About 62,000 *l.*

8364. I should like to know to what degree that 20,000 *l.* has been reduced by transferring the charges which are still incurred to the political department, because then it becomes a question whether they ought to be so transferred, or whether they ought not to be entirely charged to the telegraph?—I think there are no charges now except this station of Angaum, which we keep up for political purposes.

8365. And you said that half the cost of the political agent on the Beloochistan coast was charged to the political department; he is kept up still, I suppose?—Yes.

8366. Will you put all that in in a Statement?—Yes.—(*Vide* Appendix.)

8367. Then the cost of the maintenanceship was for some years charged to the marine department; and now a proportion of the cost you say is charged to the telegraphs?—Yes.

8368. But why should not the whole be charged to the telegraphs; a private company has to pay for its maintenance ship, has it not?—Yes, but this vessel (the "Amberwitch") is not used entirely by us; she is at the disposal of the political authorities at Kurrachee, and she has also been used for instance, in laying the Ceylon cable with which we have nothing to do; she is not entirely at our disposal, but is kept at Kurrachee if not wanted elsewhere; and the vessel herself is one of the Bombay marine vessels.

8369. You have not attempted to set aside any reserve for depreciation as private companies do, or ought to do?—No, we have not.

8370. The sum of Mr. Thornton's conclusions is, that for those four years the line has paid not more than 1½ per cent., and that the state of things would appear hopelessly unsatisfactory unless, as he thought, you could get rid of the cost of the Persian lines, and the 20,000 *l.* of political charges. But if the cost of the Persian lines is not to be got rid of, and if the whole of those political charges are not got rid of, the return in the shape of net receipts will still be very small, and yield a very small per-centage?—Well, I think that Mr. Thornton was wrong in thinking that the Persian line could be done away with; although we have to pay expensively for it, still without it we never could have worked our cable satisfactorily.

8371. I mean that the mode on which he relied of turning an unprofitable into a profitable concern, probably cannot be carried out?—It is, I think, impracticable in the first place, because if the Persian line were an unpaying line it would not be likely that the company would volunteer to take it over. That would be merely shifting the loss from us to them.

8372. The expenses were greater than the receipts in 1869-70, were they not?—Yes, for that year they were greater; for two or three years they were greater.

8373. Then "the last state was worse than the first;" but you expect an improvement?—We have had an improvement during the past year, a very great improvement.

8374. In 1870-71, you mean?—Yes; we were working that line in 1869-70 in an exceptionally bad year. We suddenly came down from 5 *l.* 1 *s.* to 2 *l.* 17 *s.*, and we had an unfortunate break owing to an Arab revolt, which interrupted our line for three months at the end of the year, and that which did come through our cable came *viâ* Russia, and we accordingly received only the smaller rate of 1 *l.* instead of 1 *l.* 8 *s.*; so that our receipts were immensely affected.

8375. In 1870-71, the receipts were 53,000 *l.*, you stated?—£. 56,250 altogether, including the 2,850 *l.* from the Persian Government.

8376. And what were the working expenses?—They were, I think, 63,000 *l.* that year.

8377. In case the sender in India does not indicate the route by which he wishes his message to be sent, that is to say, whether Red Sea, Indo-European, or Turkey, what course do the telegraph offices then pursue?—I myself have nothing to do with that; but what is done is this, that if no label or direction is given by the sender (which he is at liberty to do for nothing), the message is then sent by the Government by whichever line has brought the latest date from England.

8378. Whichever line is working quickest, do you mean?—Whichever line is working best; I mean, supposing a message goes from Calcutta, the superintendent there looks at his file and sees that a message has come *viâ* Russia, say in one hour, and by the British Indian in half an hour; he would in that case send the message, unless directed otherwise, by the British Indian.

8379. He would also consider surely whether the line was occupied at the time?—But he could not tell whether the line was occupied; the line is never so occupied that a message is delayed in that way; if messages crowd in, they are sent 10 at a time; supposing that the Bombay Office was telegraphing to Aden, and both offices had a number of messages to send, they would send 10 from Bombay, and wait until they got 10 from Aden, and so on.

8380. You have lately increased the local telegraph rates in India, have you not?—I have nothing whatever to do with India; as far as our line goes, there is no chance of its being blocked, for we have a double line the whole way.

8381. Do you notice that, at page 48 of Mr. Thornton's Report, he is not very clear whether the cost up to 1869 was 852,000 *l.* or 950,000 *l.*; which have you assumed in estimating the entire cost up to 1870?—I assume 960,000 *l.*

8382. Mr. *Crawford.*] Mr. Thornton suggests that "if the views set forth above" (in his Memorandum) "are correct, it is in the power of the Government of India at once, or almost immediately, to obtain a net profit on its Indo-European telegraph of nearly 6 per cent., instead of only 1½ per cent. as at present." Do you agree with

Major *B. Champain*, R.E.

27 June 1871.

with Mr. Thornton in that suggestion?—No, I do not; upon that I think Mr. Thornton himself would change his mind now, and would see that it could scarcely be done; that we could not give over the Persian line, and that it would not be for our interest to do it.

8383. The contract with the Persian Government expires on the 7th of August 1872, does it not?—At the beginning of August 1872.

8384. Have any negotiations taken place with the view of renewing the contract?—None that I am aware of.

8385. Then if none are entered into and concluded, I suppose the arrangement will cease, will it not?—The arrangement would cease so far as we are concerned if no arrangement were made by us to carry the thing on, and the line would then be handed over to the Indo-European Company, who would be compelled to take it even if they worked it at a loss.

8386. That is to say if we gave it up it would pass into the hands of those connected with the Indo-European Company?—Yes.

8387. And the public in this country would still have the benefit of an alternative line of communication with India through Persia?—They would; but I doubt whether the company would be able to work it as well as we have worked it for many reasons.

8388. Looking at the question from the point of view of a private individual, one of the British public, I suppose you think that there is a great advantage in having some alternative line to set against the monopoly that would otherwise exist in the hands of the British Indian Company?—I think that it is an incalculable advantage. In the past year there were occasions when the British Indian line was blocked up altogether, and had our line not been in existence you would have been cut off from India altogether, as far as the telegraph is concerned.

8389. But, as far as prices are concerned, you have put your heads together and raised them against the public?—We were obliged absolutely to raise them.

8390. By what circumstance were you obliged to do so?—By the fact of neither line paying; both lines were working well, but the traffic had not doubled, or anything like it, and consequently the same amount of traffic which was barely sufficient to feed one line before then had to feed two.

8391. Sir *C. Wingfield.*] When you speak of two lines do you mean, besides the British Indian, the Turkish line or Siemens's?—I am talking of the Indo-European. I could put it in other words. I could say that the traffic which before was sufficient to feed two, was not sufficient to feed three now; but the other gives a better idea because the bulk of the traffic goes *viâ* Russia, and Turkey could not afford to carry it on if it did not go by Government.

8392. Mr. *Crawford.*] Do you think that the working of the line in Persia is, for political reasons, of advantage to the British Government?—Yes, certainly, I am of that opinion. We have had very intelligent engineering officers and soldiers in the country, who, as a rule, have got on amicably with the people in the country. We have made the only good map that there is of the whole country between Teheran and Bushire, and about which there was a great deal of ignorance shown in the former war. Now we have certainly 50 or 60 Englishmen who know the whole country well, not only along our line of telegraph; and, as a rule, our officers and men are very much liked by the Persians.

8393. Would you deprecate the giving up of the line on the ground that you would lose political influence by doing so?—I should very much deprecate it; and I think that now we shall scarcely lose on the Persian line, or only lose very little; we shall pay more than half our working expenses, and we also feed by that, our Persian Gulf cable, which, without it, would hardly get any traffic at all.

8394. Do you think that if the Persian system passed into the hands of a private company, there would be any danger of the efficient working character, so to say, of the English administration suffering?—I think so; and I am perfectly certain that my views are held also by the representative of the company at Teheran, that it would be a great loss to the undertaking if the English officers were to leave Persia. Their social position certainly gives them a better chance than any others have of getting what they want from the Persian officials.

8395. Has personal acquaintance with Persia enabled you to say that there is, in your opinion, a great political advantage to be derived from access to native opinion in Persia generally, that you have through the means of your establishment?—Well, what political opinion there is in Persia, we can get at thoroughly; our officers mix with the Persian gentlemen, go out shooting and hunting with them a good deal, and we see more of them than any other class of people could do. The members of the Legation, for instance, are confined to Teheran, or rarely go away from it. Now, our officers are travelling all over the country.

8396. Considering the contiguity of Persia to India, it is desirable, is it not, to cultivate as much as possible intimate relations of a friendly character?—I think so, decidedly.

8397. And you think that that is one means to that end?—Yes, I do.

8398. If the line were entirely abandoned (to take an extreme view), I do not mean the Persian line only, but the whole Persian Gulf system in connection with your line, you would have to sacrifice a very large amount of property?—A very large amount of property. The cable is there, for instance, and cannot be removed.

8399. You can maintain that establishment and system altogether now, without any additional charge for capital, out of the working expenses?—Yes.

8400. But it would be a dead loss if you gave it up?—Yes, it would be a dead loss.

8401. And we, the British public, should lose the advantage of the competition?—Yes.

8402. Mr. *Fawcett.*] When was the Red Sea Telegraph opened?—It opened on the 26th of March 1870, I believe.

8403. I understand you, that you have three lines of telegraph to India now?—Yes.

8404. One line, namely, the Indo-European, that you represent, may be regarded as a line carried out by the Government, and the other two as being the result of private enterprise, may they not?—No; one has been the result of private enterprise, the Red Sea line, called the British Indian.

8405. Then the other also has been the result of Government enterprise?—Of Government enterprise in a great measure. We had a line originally

originally made by the Government that carried the messages from India to England *viâ* Turkey. It was considered that one link of that line, between Bagdad and Bussorah, was exceedingly unsafe because of the Arabs, and to duplicate that link, an alternative line was made from Bagdad up to Teheran, joining our cable again at Bushire; in fact, making two sides of what you may look upon as an equilateral triangle, those two sides being alternative to the base.

8406. Do you know at all the financial position of the Red Sea line at the present moment?—No.

8407. Do you know whether there is any prospect of its returning a dividend?—I have not the least idea. I have been out of the country for the last year nearly.

8408. You would think, if you were the adviser of a private company, that it would be necessary, out of the gross receipts, to set aside, as is usually done in business, some sum for depreciation, would you not?—Yes, I should.

8409. Do you think that 10 per cent. would not be at all an extravagant amount?—I have not studied the subject at all in that point of view, but I should think that it ought to be done.

8410. Then, bearing that in mind, supposing that you look upon this Indo-European line in a mercantile point of view, and that you set aside about 10 per cent. of the gross receipts for depreciation, this line up to 1869 will only have returned on the capital expended about a quarter per cent., will it not?—Very little indeed.

8411. And it only returned that quarter per cent. on the outlay of a million when it had no competition from the Red Sea line?—Quite so.

8412. During the last three years, especially since this competition has taken place, considering that 10 per cent. ought to be set aside from the gross receipts for depreciation, the average loss has not been less than something like 35,000 *l.* a year?—Yes; if that sum were put aside for depreciation there is no doubt there has been a loss.

8413. You say that one of these years was an exceptionally unfavourable year; but even taking the last year, upon the supposition that I have made, the loss is not less than 17,000 *l.*?—You are talking of the last year since the Red Sea line was opened, I suppose?

8414. In 1870–71, the loss is about 12,000 *l.* to 14,000 *l.*, is it not?—We receive about 56,000 *l.*, and we pay about 63,000 *l.*

8415. Then, reckoning the 10 per cent. that should be set aside for depreciation, the loss would be about 12,000 *l.*, would it not?—Yes, it would.

8416. So that, viewing it simply in its direct bearing upon the finances of India, you may say that the Government of India spent a million pounds to realise a loss at the present moment of 12,000 *l.* a year?—I could put it in a better way, I think.

8417. You may allude afterwards to any indirect advantages; but simply viewing it as a financial result that is the case, is it not; or I will put it thus: they have spent a million pounds to realise a loss of 35,000 *l.* during the average of three years?—It is seven years now since the cable was laid.

8418. But then the fair way is, is it not, looking upon it as a financial question, to consider this; you have now a formidable competitor which you had not during the first four years; therefore, looking at the present position of the thing, you ought to consider what its financial position is, now that this competition has been brought against you?—Yes; we did make money our first four years; then we lowered the rate to a sum which prevented our paying our expenses; we went far below the point to which we ought to have gone, but the public insisted on it, and the consequence was that we began to lose money. We have now, during the last four or five months raised our rate again, and we are now beginning to make money, even putting aside the 10 per cent.

Major *B. Champain*, R.E.

27 June 1871.

8419. When you say that the public insisted, we have always been informed, have we not, that India is not governed by representative institutions; but we have always been told by officials, with a certain amount of boasting, that India is governed by an intelligent despotism; therefore, how can you say that you were forced by the public to do that?—I did not say that we were forced to do it by the Indian public; I meant by the public of Europe. At the Vienna Convention we were represented by Colonel Goldsmid, and at that convention there were the directors general of all the telegraphs in Europe; but we were also pressed by the British public, who said that 5 *l.* 1 *s.* was far too high for messages to India. The Indian merchants may have had something to do with it, but every director in Europe had something to say to it at this convention, and we agreed to reduce our rate from this extraordinary high rate of 5*l.* 1 *s.* to 2 *l.* 17 *s.*, hoping that we should get as many more messages, that the sum received would not decrease. We did get the number of messages up, but not enough to bring us up to our old receipts.

8420. But when you say the public of Europe, the Indian Government are trustees for the money which is supplied by the Indian people, and not by Europe; therefore their first consideration ought to have been, ought it not, to protect the people who supplied the money?—And they hoped that they would be better by lowering the rate.

8421. Then what it comes to is this: that you were not forced, but, looking upon it simply from a financial point of view, you made a mistake or blunder; your expectations were not realised?—I do not put it in that way, because had the Red Sea line not been laid (and there was no prospect of it then) we should have done nearly as well on the 2 *l.* 17 *s.* by this time as we did on the old charge of 5 *l.* 1 *s.* As I have shown in the paper to which I have referred, the number of messages has steadily increased, but slowly, and there is no doubt that the sudden lowering of the rate from 5 *l.* 1 *s.* to 2 *l.* 17 *s.* must, for a time, affect the receipts.

8422. But without attributing blame to any one, or saying that you could foresee events then, in a financial point of view you made a mistake?—Yes; we brought the rate down too low.

8423. You spent a million of money, and for four years, upon that million of money, you obtained a return of a quarter per cent. During the last three years, during which you have had to meet competition which you will not be able in future to get rid of, you have realised an average loss of 35,000 *l.*?—Yes, if you take the sum of money which we have lost; but you must remember that the million was not spent all at once; the million was spent by degrees. We have got now a double line; we began by a single

Major *B. Champain*, R.E.

27 June 1871.

single line, which cost about 450,000 *l.*, and on that we were making a certain profit.

8424. That may be true, but still you have spent over a million; how that has been spent it is not for me to inquire, but the fact is so?—A great part of it, on the recommendation of a Parliamentary Committee, who insisted on our doubling our lines to India.

8425. Very likely Parliament has been as much to blame as other people; still, whoever it is to blame (and it is not for me to apportion the blame, or to say whether there is any blame at all), that is clearly and distinctly the financial result; you have spent a million, and during four years upon that million you only obtained a return of a quarter per cent.; during the last three years, when you have had to meet a competition, which will continue, you have realised an average loss upon that expenditure of 35,000 *l.* a year?—At that time, the first three or four years, our capital expenditure was not a million, or half a million; and we were realising 96,000 *l.* with an expenditure of 70,000 *l.* or thereabouts, and we were making a fair profit. Then it must be remembered that the whole thing was very expensive. It was done at a time when telegraphic communication was loudly called for between England and India, when the Red Sea line had been tried and had broken down, and the British taxpayers are now paying upwards of 30,000 *l.* for a line which they never sent a message through. In those days nobody would have dreamt of the Red Sea line being started again, consequently the Indian Government set to work, and, after long consultation and examination of the question, made this line to India. There is no doubt about it that it did cost a great deal of money, and in certain ways there has been money spent that we might perhaps have avoided if we had known then as much as we know now; for instance, the line from Bagdad to Teheran need not have been made, because it was made to supplement what we thought would prove a weak link, but which did not prove a weak link; consequently that line never did what it was meant to do. Then our traffic was increased, and a second line was made, and consequently a very considerable sum was spent; but it appears to me that it was necessary, and that it has done an immense deal of good before the Red Sea line was dreamt of. And even supposing you say that it is a bad speculation, you cannot take the line up and sell it again; it has done its work fairly for some years, and very well for the last two years, and will do its work very well. It is cheaper to keep it than to give it up, because you more than pay your working expenses.

8426. I am not advocating giving it up; but am I not correct in saying that from a Paper laid before Parliament, for which Mr. Thornton, the head of the Public Works Department, is responsible, it appears that in the four years during which you had no competition, only 1⅓ per cent. was realised on the outlay, and that that 1⅓th was only realised by the untradesman-like, unbusiness-like proceeding of not setting aside any portion of the gross receipts for depreciation; those are official facts, are they not?—Those are the facts according to Mr. Thornton.

8427. And he is responsible, is he not, for making official statements with regard to the expenditure?—I have no doubt that Mr. Thornton is perfectly correct.

8428. I understood you to say that the British public, the mercantile interest I suppose, had called out for a telegraph with India, and that a large sum had been absolutely thrown away?—No; I did not say thrown away.

8429. I thought you said that 30,000 *l.* had been thrown away?—That was in reference to the old Red Sea line; that was paid for, half by the Treasury and half by the Indian Government; that was a line that no message, you may say, practically was ever sent through; at the time there was no idea of putting another line down in the Red Sea.

8430. Mr. *Crawford.*] That line was tried as much owing to the exigencies of the Mutiny as to the wishes of the mercantile world, I suppose?—No doubt.

8431. Mr. *Fawcett.*] Do not you think that there is a great tendency in laying out these telegraphic works amongst the mercantile public in England, to call on the Government of India to supply them with luxuries, and then to call on the Indian public to pay for them?—I cannot say anything about that; but I think that this line ought to have been paid for as much by England as by India. It was so in the old Red Sea cable, I think; and I think it is unfair to expect India to pay the whole of this.

8432. Both in regard to the Red Sea line, and in regard to this line, you think that certainly the whole loss, whatever it may be, cannot be with justice inflicted on India?—I think that is the way in which it ought to have been done originally; but the management of the whole thing has been in the hands of the Indian Government, and of course they are responsible for the working of the line, and the financial results.

8433. I think I understood you to say, that you looked forward to an improvement in the financial position of the Indo-European line, from the probability of the charges on the Turkish line being raised?—No, I did not say that. I said that I hoped they would raise their rates, because it gives us such immense difficulty in settling the accounts, and also in directing the traffic. It is very complicated altogether, to have one line charging cheaply and one expensively for the same message; but, as far as we are concerned, it does not matter; the Turkish messages come through our line, and so do the Persian, and we do not care as far as our receipts go.

8434. Then the general result of this telegraphic communication has been this; you have had to raise your charges and make them extremely high, and the direct financial result has been extremely unsatisfactory?—I say that the financial results when the charges were high were not so unsatisfactory as when they were suddenly brought down to this low figure.

8435. Still, on the whole, considering it simply as a pecuniary speculation, the financial results have been extremely unsatisfactory, have they not?—I think that they have not been satisfactory in every respect certainly, as far as the finance only is concerned.

8436. How is this million that has been spent on the telegraphs, or the 1,100,000 *l.* been obtained?—I am not aware.

8437. You do not know whether it has been obtained by loan?—No, I am not aware.

8438. I have heard that one reason why the telegraphs financially considered are not more satisfactory is, that they were constructed at an unnecessarily

unnecessarily great cost; can you give any opinion on that point?—I do not think so at all; I think that the Persian line, the land line, and the Mekran land line were made very cheaply. There have been certain sums expended which would sound large in this country; for instance, sums expended on housing the clerks on the coast of the Persian Gulf. You could not possibly send men to live in a climate of that kind unless you gave them better houses than they would call for in Europe; therefore we have, no doubt, been put to expenses that would sound rather large to anyone that did not know the country, and had not been out there and seen what was really required; but I do not think that any money has been spent unnecessarily; the line itself is not made solid enough in Persia; we have been gradually substituting iron for wooden posts; and no doubt if a little more money were spent in that way, money would be saved in the long run.

8439. I am not alluding to that so much, but I have seen it alleged that one reason why these telegraphs did not pay was, that the stores had been bought at too dear a price in England; for instance, that the cables and other materials sent out had been bought at an unnecessarily dear price; have you ever looked into that question?—It is certainly not true, the whole thing is given out at tender; makers tender to manufacture the cable, and as a rule, *cæteris paribus*, the lowest tender is accepted; and our cable cost precisely the same as at that time the cable of every private company cost; of course it varies from year to year, but at the time we paid precisely what the company would have paid for the same work.

8440. Is the system pursued that of a perfectly open competition, or is the system pursued (which I know prevails at the Indian Office) of certain selected firms being allowed to compete?—I cannot say; I had nothing to do with the manufacture of the first cable; but this second cable which was sent out a year and a half ago, was made by the only man who makes cables of that description, his charges being cheaper; it cost about the same to get the gutta percha manufacture. We selected Hooper's coré for our second cable; at that time I know five or six firms tendered for covering the core.

8441. But when you say that it was put up to competition, you are aware that it makes the greatest possible difference, whether it was put up to open competition or whether a few privileged and selected firms were allowed to send in contracts?—Yes, but there are not very many firms in England, who do manufacture those things; I think that all the firms that do manufacture them with the exception of perhaps one or two people, were called upon to tender.

8442. But you cannot state whether the competition was an open one?—No, it was done through the Indian Stores Department.

8443. And their system generally is to confine the competition to certain selected firms; they allow certain selected firms to compete, do they not?—I do not know that.

8444. When you said that you were perfectly certain that the telegraphic stores had not been bought at a higher rate in England, because they had been put out to contract, you are not certain, and you cannot state from your own knowledge, whether it was a perfectly open competition, or the contracts were limited to a few selected firms?—No, I am not aware. I had nothing to do with that, but I know perfectly well that the rate was not at all a dear one. I know what ought to be paid perfectly well, and I know that it cannot be satisfactorily done for much less. In the purchase of iron wire very often, we have had perfectly open competition and the result has been no end of trouble and delay. We wanted some iron wire for Persia once, and wire to stand certain severe tests; I wanted it done by a particular firm who had always given satisfaction before, and not to be put to open competition. It was put to open competition and the consequence was that we had the most terrific trouble; none of the wire that we had, stood the test, and we lost six weeks, and then we had to go to the man to whom I wished to go in the first instance.

8445. Mr. *Crawford.*] The effect of open competition is often to raise the price, is it not?—You often get bad material by it; and if you have six or eight of the first manufacturers in England, you know perfectly well that there is not too much asked, and if you go to a cheaper man by a few shillings a ton, you lose time in the end.

8446. Mr. *Fawcett.*] But as a fact you do not know which system was adopted with regard to buying stores in England for the telegraphs?—No; I know that a certain number of firms tendered.

8447. *Chairman.*] When there is a select competition, upon what principle is the selection made?—That I cannot tell you; but Mr. Thornton can. I know that anyone in England will tell you that the cable was a cheap cable. We did not pay high prices; and I do not know a single instance, in all the large purchases that we have made, in which we have paid more highly than companies would have paid in the open market.

8448. Mr. *Fawcett.*] Do you express that opinion after examining carefully what has been paid by the private companies?—Yes.

8449. Mr. *Birley.*] Who are the manufacturers of the cable?—The cable is generally manufactured by one or two particular people; the first cable, the core was manufactured by the Gutta Percha Company, and covered by Henley, at North Woolwich; the second was manufactured, by Hooper, of indiarubber, and was covered also by Henley.

8450. Are they both working well?—Yes.

8451. Were they both about the same cost?—Very nearly the same cost.

8452. And do you suppose that the reason that Hooper made the second was because he was cheaper relatively than the others?—No, it was a new material that we tried; and he was the only man who knew how to make it in England. We had tested it in Abyssinia, and we had tested it for river crossings in India; and Colonel Goldsmid, then the head of the department, suggested that Hooper's core of indiarubber, which appeared to stand warm climates, should be adopted in the new cable. There was no other man to make it.

8453. You were asked about the depreciation, whether 10 per cent. would not be a reasonable depreciation; but you told us, I think, that you hoped or expected the cable to last 40 or 50 years?—I said that it is impossible to give any good answer on the subject. It is more a hope than an expectation. I think that nobody in

Major *B. Champain*, R.E.

27 June 1871.

in England can tell how long it will last; some say that a cable will last for ever.

8454. Then it is impossible, is it not, under those circumstances to decide what would be the fair amount for depreciation?—I do not think that the question of depreciation in this concern was ever considered.

8455. But you were asked about the depreciation; and undoubtedly depreciation should enter into the consideration?—Yes; but it is a very difficult question to form a judgment on. I confess that if I were a shareholder I should like to see 10 per cent. put by, because I do not believe that they are such lasting things as many people consider.

8456. Have you any contract with the companies to maintain the cables, or any guarantee as to their duration?—No, none.

8457. Do you maintain it entirely out of your own annual expenditure?—Out of the annual expenditure.

8458. Now, with regard to the first construction of this cable, I suppose it was quite clear that it would never have been laid down by private enterprise; at least, not laid down within any reasonable term of years?—I may remark that the preceding cable laid by the Red Sea had to be guaranteed by the Government, because private enterprise would not guarantee it; then that failed, and it is not likely that private enterprise would have come forward again without the guarantee.

8459. Was any attempt made by private persons to induce the Indian Government to lay the cable in the Persian Gulf?—I am not aware.

8460. I suppose that it was calculated at the time that it would be ultimately remunerative?—I believe it was looked upon as a necessity, and it was hoped that it would be remunerative also.

8461. But it would have been undertaken at the time, even if not likely to pay a commercial interest, would it not?—Yes; just after the Mutiny it was looked upon that the telegraph was necessary, and that it might save the empire, or at any rate save millions.

8462. You were asked some questions in regard to our political relations with Persia; has the cable had any beneficial effect as to our commercial relations with Persia; has it increased the trade, do you think, to any extent between India and Persia?—No; I cannot say that it has. There is very little trade between India and Persia, I think.

8463. I understand that the charge for a message now along the line is 4 *l.* 10 *s.* from England to Calcutta?—Yes.

8464. And of that the Indian Government receives 1 *l.* 8 *s.*?—£. 1. 8 *s.* is the Indo-European portion, and I think 9 *s.* 6 *d.* for India.

8465. That is 1 *l.* 17 *s.* 6 *d.*; is that a fair apportionment, do you think, of the 4 *l.* 10 *s.*?—Yes; I think that, considering the expense of supporting the different sections of the line, that is fair.

8466. Can you tell me what are the rates upon Siemens's line, the Russian line?—They have been changed very often.

8467. Are they very nearly equal to your previous rates?—Very nearly. We, in Persia and India, get about half the entire charge.

8468. Mr. *Beach.*] Where is your office situated in India?—At Kurrachee.

8469. What other stations are there?—Not any of the Indo-European. We end at India, and then the Indian department begins.

8470. Do you see your way to reducing the expenses?—I have just been over the line, from one end to the other, to examine into that.

8471. I think you state that ultimately you can make some reductions?—I can bring it down to about 62,000 *l.* a year, stores from England included, and political charges and everything; and I do not think that the line can be well worked for much less than that, though we may gradually come rather lower, perhaps; we can do that at once.

8472. Therefore all you can look forward to is a very small surplus of receipts over expenditure?—For a time a very small surplus, that is to say, for the next year or two; but I think that as the Australian and China lines are completed, the traffic will develope itself there. We shall get a share of it, and I think that we may calculate on very much larger receipts after a few years. In the meantime we must certainly do much more than pay our working expenses, though we cannot give anything that you may call a reasonable dividend on the large capital sunk.

8473. Sir *T. Bazley.*] Can you inform the Committee on what you ground your hope that there will be an improved revenue next year?—On the fact of our having raised our tariff during the last two or three months, and on the experience of the last few months. I can see, that if it goes on as it is now, we shall have more this year than last.

8474. And do you anticipate a greater number of messages at the higher price?—I anticipate that we shall have nearly as many messages as we had last year at 1 *l.*, this year at 1 *l.* 8 *s.*

8475. And is the rival company acting with you in advancing the rate?—It was done while I was abroad. The two companies, I believe, came to an understanding that it would be simply impossible to work at the existing rates. I cannot speak now from my own knowledge, but only from what I have heard casually, and believed to be the case; but, as I understand, they came to the conclusion that the rates were too low, and that it was absolutely necessary for their own existence to raise them; and the real truth is that the public had to pay for the security given by two lines.

8476. The pecuniary results appear to be unsatisfactory, but are there any compensating benefits to politics, to commerce, or to agriculture?—I think that it would be impossible now to do without a telegraph line to India, or at least very difficult; it would be very unwise to depend on a single string to your bow, either on the Indo-European without the British Indian, or on the British Indian without the Indo-European, if it can be avoided. I think that immense advantages are derived; all the mercantile business is now done through the telegraphs; I believe that a great part of the business of the Abyssinian War was carried on through our telegraph; and I think that the messages that pass between the Viceroy and the India Office must be of great importance to the Government of India; and in other ways it is incalculably useful.

8477. You do think, therefore, that there are public advantages that compensate for the loss?—Most decidedly. I say that the loss has been incurred

incurred and cannot be got over; that by giving up the line now you would gain nothing, but you would create an immense quantity of trouble and vexation and inconvenience to the Indian public and to the British public, and indeed to the European public; and that, as long as the line more than pays its working expenses (it is a pity that it does not pay more, and, if possible, it must be made to pay a dividend), it is wiser to keep it up than to abandon it when you cannot recover the capital sunk.

8478. Mr. *J. B. Smith.*] Do you happen to know the cost of the Red Sea line?—No, I have heard it.

8479. Do you know whether they make any profit out of it?—I am not sure; they were rather unfortunate in their first year; no doubt they have made something.

8480. Do you know whether they pay a dividend now?—No, I cannot say; I have only been in England a short time.

8481. Mr. *Grant Duff.*] In considering so very complicated a matter as telegraphic communication with India, to shut out from your view everything except questions of receipt and expenditure, is deliberately to prevent yourself obtaining a correct view of the matter, is it not?—I think so, decidedly.

8482. Then you would say, I suppose, that to call, like the honourable Member for Brighton, the proceedings of the Government of India, untradesmanlike, is not to pass upon it a very scathing condemnation?—No.

8483. You would say, I suppose, that tradesmen should be tradesmanlike, and statesmen should be statesmanlike?—Yes.

8484. Mr. *Birley.*] Are the Government messages charged to revenue?—The Government messages are treated precisely like any other messages. Government officials at either end pay like any private individual.

8485. Mr. *Crawford.*] Is there much Indian business done on the line between India and Persia; do the natives use it much?—If you mean the coast of the Persian Gulf, there is very little business and no trade of importance.

8486. Trade between Bushire and India, for instance?—A certain amount; not much is done through the telegraph; it is very insignificant.

8487. Do any of the merchants who ship wool from Beloochistan down to Bombay use the telegraph?—Yes.

8488. And in the interior of Persia is it used by the Persians for their own purposes?—They have a local wire on our posts set apart for their own private traffic with which we have nothing to do. We taught them to work it and handed it over to them, and they do a great deal of business on their own wire.

8489. In the English language, or in their own?—In the Persian. We invented an alphabet for them and set them to work, and some of them signal beautifully.

8490. Mr. *Haviland-Burke.*] Did I understand you rightly to say that you thought the expense of this cable should be borne partly by the Indian Government, and partly by the English?—That is what has always seemed to me the right thing. I have no right, perhaps, to form an opinion of that kind, but it seemed to me that the two countries that have the benefit of it should bear the expense between them.

8491. *Chairman.*] In making your estimate of expenditure in the future, do you make it on the same basis as you have described with reference to the vessel that is employed, that is to say, no charge being made for that vessel?—Yes, I have taken it without the vessel. That is the only thing that could be in any way charged to us; that is the only thing that might be added to our estimate.

8492. Are there no other charges that are charged to the other heads of account for services rendered in connection with this particular service?—No; there is the political charge, which is included in this.

8493. I mean, is there no other charge for services rendered to you which are not included in your estimate except the vessel?—No, nothing else. An honourable Member asked me just now how the 4*l.* 10*s.* is divided. It is divided thus: London to Teheran, 2*l.* 2*s.* 6*d.* goes to the company, out of which they pay the royalties to Prussia and Russia; 10*s.* goes to Persia for the transit from Teheran to Bushire, and 1*l.* 8*s.* for our cable, and 9*s.* 6*d.* for India; so that the company gets 2*l.* 2*s.* 6*d.* out of 4*l.* 10*s.*

8494. Mr. *Crawford.*] Do you know if the 9*s.* 6*d.* is charged at Bombay upon a message by the British Indian?—The British Indian charge it, but they retain it.

8495. Do the Government take 9*s.* 6*d.* for a message received at Bombay?—They do not at present.

8496. Do they intend to do so?—I think very likely they will. The company take it now; the sender here pays 9*s.* 6*d.*

8497. Mr. *Eastwick.*] Am I right in thinking that the local traffic is increasing on the Persian line?—Very considerably, I believe. I know that it began paying. They did not understand what the telegraph was when we went there, and now the wire is constantly occupied for messages, partly official to the various governors, and partly by the merchants of the different towns; but we have nothing to do with that traffic.

8498. Was any proposition made to you by the merchants of Shiraz?—To one of my officers in charge of the line in Persia. The merchants in Yezd, who have lately started the cultivation of the poppy, offered to pay all expenses that the telegraph would entail if the English officers would get the material out from England, put it up, and send in the bills to the merchants.

8499. And it is possible that there might be other towns in Persia to which the telegraph might be extended, subsequently?—No doubt about it. It would take some time before you could pay the expenses. The expenses of putting it up in a country so far from the sea, and so far from the manufactories of wire are so very great, that you would require infinitely more traffic than would pay in this country.

8500. There were very unusual expenses connected with the line in Persia, in respect of guarding the roads, and so on, were there not?—Yes; and then the roads are so fearfully bad, there are no carts, and everything has to be carried up passes. I think our line itself goes 10,000 feet above the sea, close to Bushire. There are six of these passes one after the other, and everything had to be carried on mules over these dreadful roads, which increased the cost of the whole thing enormously.

8501. But had the Persian line not been made, there might have been times when there would have been a complete suspension of telegraphic communication with India?—We should have been

Major *B. Champain*, R.E.

27 June 1871.

been cut off, and were absolutely cut off this year, but for that; and last year, at the end of 1869, I mean, for three months, if this Persian line had not existed, there would have been no messages sent at all.

8502. That would have been not only a great private detriment, but a great political injury?—It might have caused irreparable injury.

8503. During the Abyssinian War, were messages sent by that line?—Those, I think, went chiefly by the Turkish line, because the Persian line has only been in its present good efficient state since March, when it began to be properly fed by Siemens's line.

8504. That cable was laid down by the Indo-European, was it not?—All the cables in the Persian Gulf were laid down by the Indian Government.

8505. You would consider telegraphic communication with India perfectly safe, even supposing your line should fail; there will always be two alternatives?—Yes; it is scarcely possible to imagine such a coincidence as all the lines failing at once.

8506. If the cable were to fail, you would still have the land line, would you not?—Yes.

8507. Are you at all aware whether the Shah has showed any gratification in the construction of the line; has he taken any interest in it?—He used to come and sit in the office, and has often spoke to me about it, and he constantly makes use of the line to converse with the governors in the different cities. The Persian officials use the line very much indeed, and the merchants too.

8508. Do you know anything at all about the vessels that were sent up in consequence of the telegraph from Bombay to the Persian Gulf; were they English men-of-war?—The gunboats were Bombay marine vessels.

8509. But had the Indian Navy existed, there would have been no expense at all on that account?—No.

8510. That was simply owing to the doing away with the Indian Navy?—Yes.

8511. Have you happened to see those gunboats that have been sent up the Persian Gulf?—I think that I have seen them at different times.

8512. Are they suited for that very hot climate?—I do not know whether you are alluding to the gunboats lately sent out.

8513. Did you see the "Bulfinch," for instance?—I cannot say anything about that.

8514. The "Amberwitch", is, I suppose, thoroughly adapted for so hot a climate?—Yes; I have never heard any complaint of her; but it is not comfortable on board ship in so hot a climate at any time.

8515. Mr. *Grant Duff.*] Have you the tariff of the Indian telegraphs here?—No, I have nothing to do with the Indian telegraphs; but I can get it.

8516. Mr. *Fawcett.*] I suppose the Telegraph Department is liable any moment to be deprived of your services and your experience by your being called to your regimental duties?—It is quite possible, but unlikely, I think.

8517. In fact, if war was to break out, or anything like that, the Telegraph Department would have no power whatever of retaining you if your services were required in the army; the army has a prior claim to you, have they not?—I suppose so.

8518. Mr. *Grant Duff.*] That would be entirely a question for the Government?—Entirely.

Mr. WILLIAM THOMAS THORNTON, called in; and Examined.

Mr. *W. T. Thornton.*

8519. Mr. *Grant Duff.*] YOU are Secretary in the Public Works Department of the India Office?—Yes.

8520. Have you heard the evidence that has been given by Major Champain respecting the telegraphs?—I have.

8521. Would you like to give any explanation upon any points that seem to you to require further explanation?—There are two or three of the questions that he was asked, with respect to which I should like to supplement his answers. Sir Charles Wingfield asked him two or three questions which I think might, with more propriety, have been asked of me, because he asked what I meant by certain things I had said. I should mention that I did not come here prepared to answer any questions with regard to the Indo-European telegraph; I thought that I was to be examined about the Indian telegraphs only; but still, I think, that I can explain these matters likewise sufficiently. It is quite true that in that memorandum of mine, written some two or three years ago, I did recommend that we should withdraw altogether from our telegraphic connection with Persia, and at that time that seemed to me the proper course; and if the circumstances were the same now, I should say still that it was the proper course; but the circumstances are very considerably altered. At that time, taking the whole of our Indo-European telegraphic establishments together, that is to say, the Persian part proper, the Persian Gulf, and the Mekran Coast, three distinct branches (I really forget now what their cost was; it is stated in the Papers that have been presented to Parliament), the net receipts were sufficient to pay upon their entire cost an interest of one and one-fifth per cent. Now, at that time, the only portions of the establishment which were at all productive were the Persian Gulf portion and the Mekran Coast portion; although it is quite true that there did actually exist the telegraph through Persia, yet still that line was so exceedingly little used that it might almost have been said not to have been used at all. I do not say that no messages went by it, but by far the greater part went by Turkey; so that while we were spending an immense deal upon this Persian line proper, it was really of no use to us, and what I said was, that if we could withdraw from our annual expenditure the part which belonged to Persia proper, then our gross receipts would be sufficient to raise the per-centage on our original outlay. I do not recollect how much, but so as to make it very much more than it had previously been. That was what I thought was the proper course to pursue then, but the circumstances then were rather peculiar. At that time I will not say that there was no prospect of a Red Sea cable, but at any rate, the prospect was of very doubtful realisation. One thing we did know, and that was that Siemens's Company was making a very efficient line through Persia, which was to join on to the Persian line, and that was all that we did know. Well, I said then that it was quite

quite impossible to say whether Siemens's line would turn out as efficient as he said it would, but still it was quite probable that it would; and in fact, in those days we thought that the prospects of Siemens's Company were really very much better than they have turned out to be; most people thought that it would turn out a very efficient concern indeed, and so I have no doubt it would, had it not been for the Red Sea competition. But then supposing that we had withdrawn from Persia, one of two things must have happened, either the Persian Government must have worked their own line of telegraph (which they simply could not do), or they must have gone to Siemens, and asked them to do it on whatever terms Siemens liked, and Siemens would of course have got it on such terms as would have rendered it to them a paying concern. In that way it would have appeared that we should have been perfectly certain of getting whatever good the Persian line could do us, without paying one farthing for it, and therefore it seemed to me that we might just as well withdraw from Persia, and get rid of the expense. But since then the Red Sea cable has been established, and as Major Champain has said, the traffic which in those days might have sufficed for one line (because in point of fact there was virtually only one line in existence in those days; the only line practically in use being the Turkish Indo-European line), and would have been sufficient to have paid a reasonable dividend upon that particular line would not be enough for three, and has proved not to be enough for three, because now the traffic has to be divided between the Turkish portion of the Indo-European line, and the Persian portion of it, and the Red Sea line; and as was proved at the beginning of this year, it does not pay anybody. The Indo-European Company's line was understood to be worked at a loss, the Red Sea Company's also was, I believe, being worked at a loss, or at an exceedingly small profit; and with regard to ourselves, the $1\frac{1}{5}$ per cent. of profit which we were making a few years ago was turned into a loss, and we were making nothing at all. But for all that, if now the question were raised, whether we should withdraw from our telegraphic connection with Persia, there would be one or two reasons why we should not do it. One reason is that if we withdrew, there would be nobody to succeed us. Siemens's Company are barely holding their ground, and they could not afford, therefore, to work the Persian line at a loss; and at a loss, apparently, it always will have to be worked. It is quite true that within the last two or three years, since Siemens's line has been opened, whereas we formerly did not get one penny from it, we now get some 3,000*l.*, or 4,000*l.*, or 5,000*l.* a year; but still these thousands a year are not equal to our working expenses, and there really is no apparent prospect that the Persian line proper ever will pay its working expenses. Therefore it is not to be supposed that if we withdraw from our connection with Persia, Siemens's Company, which is now barely keeping its head above water, could undertake to work this line, thereby diminishing whatever profit it may make by so many thousands a year. It would not do it; but if it would do it, even then it could not work it nearly so efficiently as we, because we, as the Government, have a certain power and influence; I mean that our officers have a certain prestige in Persia, which would not at all belong to the officers of any private company; if Siemens's Company were to work the Persian line, their officers would not have anything like the same respect that ours have; their orders would not be attended to in the way that ours are. They would certainly feel this, and (always on the supposition that they would undertake the working of the Persian line) finding that they could not get on as a commercial body, what they would do would be to throw themselves into the hands of Russia, which would be very willing to give them assistance; and Russian officers would then be doing what British officers are doing now. Therefore it is worth our while paying something, and losing something, for the purpose, if not of maintaining our own political influence in Persia, at least of preventing that influence being transferred to Russia. Though it is clear that we shall lose by maintaining the working of the Persian line, still many a person would think that it is worth incurring a moderate loss for the object. It would not be worth while to go on losing 23,000*l.* a year, as we were doing at one time; but now that has been reduced. It has been reduced by the reduction of expenditure which has been alluded to; it has been reduced also by there being a considerable amount of revenue to set off against it. That is what I wanted to say with regard to the recommendation which I did make some years ago, and which I certainly should not be disposed to make now.

Mr. *W. T. Thornton.*
27 June 1871.

8522. Is there any other point on which you would wish to give an explanation?—Yes; the question was asked of Major Champain, why it was that the Indian Government made the communication between Bussorah and India. Now, I do not know that I can give very precise and accurate information upon the subject, but I can say generally, that we had entered into an engagement with the Turkish Government, that if they carried a telegraphic line down from Constantinople to Bagdad or to Bussorah, we would connect it with India; and this was the state of affairs when I first took charge of the Telegraphic Department in the India Office. We did not at all like having this obligation, but it was insisted that we had no choice in the matter; that it was absolutely incumbent on us to go to the expense of laying the cable from Bussorah to Kurrachee; I mean, that we were under a pledge that that cable should be laid. No private enterprise would touch the matter at all; it had had the experience of the Red Sea cable, and there was no company, and no individual who would have given 1 *d.* towards laying down a cable in the Persian Gulf; and therefore, inasmuch as the Indian Government had in someway or another contracted this obligation, it had no choice but to fulfil that itself. This I say in excuse for the Indian Government having undertaken what even then might possibly be supposed to be certain to insure a loss. It was not so believed; on the contrary, it was believed by those persons who took most interest in the matter that that cable would prove exceedingly profitable; and I think in all probability it would have been profitable if the Indian Government had been content with laying down the cable, either the whole way from Bussorah to Kurrachee, or, cheaper still, from Bussorah to a certain point on the Persian coast, where it touches the Mekran coast, and then from there have continued

Mr. W. T. Thornton.

27 June 1871.

the communication by means of a land line along the Mekran coast to Kurrachee; that would very likely have not cost one-third of what the whole undertaking has cost; and then upon that outlay, I have no doubt the receipts which we were obtaining four or five years ago, would have afforded a considerable dividend. Then of course the question is asked, why we made the line through Persia, and why we made a double line along the Gulf. All I can say is, that we were not so wise then as we are now. If we could have foreseen what would have been the result, we should not have done all this. Nobody looking back on it as a commercial speculation can doubt that it has proved a failure. We really have not results of any kind whatsoever, that are a sufficient compensation for the expense incurred; but then it does not at all follow that, because it was a bad speculation and we ought not to have spent that money, therefore it would be wise to abandon what the money has created, and so render the expenditure utterly useless. We shall not incur any further expense by going on with it; there is no doubt that this telegraph will at least pay its working expenses, and if it does that, we had surely better avail ourselves of such advantages as it is capable of affording, instead of refusing to use them because they have cost so much.

8523. Mr. *Cave.*] Have the Turks any line from Bussorah, through the Euphrates Valley?—Bussorah is near the mouth of the Euphrates.

8524. Yes; but is there any line from Bussorah, through the Euphrates Valley to Constantinople?—Decidedly. From Constantinople (I cannot specify the precise route), it goes to Bagdad, and from Bagdad to Bussorah.

8525. Does it go from Trebizond?—Not from Trebizond, from Constantinople.

8526. You do not know what line it takes from Constantinople?—The map would show it. I know several of the places which it goes through. It goes through Moossul, for example.

8527. Is not that the shortest way to Europe from Scinde, from Kurrachee?—I should say, certainly, it was.

8528. Is that line always kept open?—Every now and then it is interrupted for a certain number of days.

8529. It passes through independent tribes, does it not?—Scarcely; after it leaves Bagdad it passes through a country inhabited by Arab tribes, who are very often in a state of insurrection, and who really did interrupt the working of the line for two or three months, not very long ago.

8530. Practically there is not much difficulty in protecting it, as I gather from you?—I believe that was the only occasion on which it was interrupted for a considerable time; but on that particular occasion it was interrupted, I believe, for four or five months.

8531. So that that would not be a safe line to which to trust messages, if you had no other?—It was only on that account that we made the line through Persia.

8532. Sir *C. Wingfield.*] The Persian Gulf is in triplicate now; it has three lines?—There are two lines of cable and the land line; there is the line along the coast. The cable is double, not for the whole of the distance, but for a considerable part of the distance.

8533. From Iashk to Fáo, or Bussorah, it is double?—Yes, the line is double there.

8534. Mr. *Crawford.*] Is it through your department that representations pass, which are made to the Government here on the subject of telegraphic communication with India; for instance, if the British Indian Company have occasion to make a complaint, does it go through your department?—Yes.

8535. Have they made any complaints?—Very frequently.

8536. A very great many?—They are always making complaints.

8536*. Are those complaints invariably not founded upon some reason?—I should not say so. I should say that the complaints are generally exaggerated. I should say that sometimes they are founded in reason. I should say more frequently not.

8537. Have they not complained of difficulties thrown in their way by the Government of India as to the method of treating the company in India?—They have done so.

8538. Is there any correspondence that we could see on that subject?—I do not think that there is any correspondence that you might not see; it is imperfect, because we have not the replies from India; and it is in an incomplete state now. Not long ago we received a long communication from them, and the reply made to them was that the Secretary of State suspended his decision until he received explanations from the Government of India; it has been sent out to India, and we have not yet had the answers of the Government of India.

8539. Is that long letter in the nature of a *résumé* of all the complaints?—Yes; it is signed by Lord William Hay.

8540. The perusal of that will give the Committee a fair idea of what they have to complain of?—Yes, certainly.

8541. They complain, do they not, that they have not met with a warm reception in India?—They do complain of that certainly.

8542. That difficulties have been thrown in their way?—So they complain.

8543. You do not admit that they have met with any unreasonable difficulties?—On the contrary, I think that the Red Sea Company were particularly well treated.

8544. Do you think that facilities have been given to them?—I should say so, certainly.

8545. Have they any office of their own in Bombay?—They have not; they have accommodation in the Government office.

8546. They are not allowed to have an office of their own?—This accommodation in the Government office was offered them instead, and they accepted it with thanks.

8547. Had they previously made a request that they might have accommodation out of the Government office?—They had, but still they accepted this other accommodation with thanks.

8548. Because they could get nothing else?—It is not for me to say for what reason.

8549. Is not a charge made of 9 *s.* 6 *d.* for the delivery in Bombay itself at a house next door to the office of the company of a message received from England?—It is charged and it is received by the company.

8550. Nine shillings and sixpence, whatever the distance may be which it travels in India?—The charge is the same in any case; but if the message is delivered outside of Bombay, the money belongs to the Government, whether it is at Bycullah or at Madras, or at Calcutta; but if it

it is delivered in Bombay, that 9 *s.* 6 *d.* is at this moment received by the company.

8551. Do you know the distance of Bycullah?—I have heard that Bycullah is two miles from Bombay. In order that a message should go from Bombay to Bycullah it must be carried by the wires which belong to the Government, and for that conveyance by wire, whether it is to Bycullah or to Madras the Indian Government charges 9 *s.* 6 *d.*

8552. If it is delivered at the next door, to whom does the 9 *s.* 6 *d.* go?—To the Submarine Company.

8553. Sir *C. Wingfield.*] It is not charged at all, in fact, in that case?—If you were to send a message from England to Bombay by the submarine line, you would have to pay the same rate as if you sent it to Calcutta or to Madras.

8554. That charge has been raised?—It has been raised 2 *s.*; it was 7 *s.* 6 *d.*, it is now 9 *s.* 6 *d.*; it was raised at the time that we raised the rate of charge to 4 *l.* 10 *s.*

8555. That is what you call a terminal charge, is it not?—You may call it a terminal charge at Bombay; but inasmuch as you pay the same amount for conveyance to Madras it becomes part of the rate.

8556. If a message is delivered in the town of Bombay that charge is not taken by the Government; but if it goes to Bycullah, or goes any distance on the wires, it is?—Yes.

8557. When you say that the British India Company accepted the offer of Government accommodation at Bombay with thanks, it was not till they had asked twice to have a local office assigned them and were refused, they were obliged to take what they could get?—That is not my recollection. I know that they did ask to have an office, but I can positively say that when Government offered them accommodation in their own office they accepted it with thanks. I do not say that they did not repent afterwards.

8558. But if they asked for an office of their own, surely they were not pleased with what they got, but accepting with thanks was merely a matter of courtesy?—I should say that anybody who read the correspondence between the Government and the company would come to a different conclusion; he would say that the company, in accepting with thanks what they then understood to be offered them, were perfectly in earnest, and not using a mere expression of courtesy.

8559. Mr. *Crawford.*] In whose hands is the administration of the office of the company in India?—In those of the telegraph department of the Indian Government. The telegraphs all over India, in whatever presidency, are directly under a department of the Government of India.

8560. A message sent from this country, on its arrival in this office in Bombay, is in the custody and in the hands of the Government, and not of the telegraph company?—Just so; although it is quite true, with regard to a message delivered at Bombay, that the terminal charge is received by the company and not by the Government, nevertheless that message being received in the Government office is delivered by the Government servants in Bombay, not by the company's servants. I want to make an explanation with regard to an answer that I have given. When I said that the company accepted the offer with thanks, I guarded myself by saying that I did not say that they did not repent afterwards.

8561. Sir *C. Wingfield.*] But their application twice repeated was for an office of their own, and it cannot be assumed that they were glad to be put in the Government office instead?—They used language which would make anyone suppose, or would make me suppose at least, that they were glad.

8562. Mr. *Fawcett.*] I understood, from the drift of your statement, that you said that two-thirds of the expenditure which had been incurred on this Indo-European line has been thrown away; that the telegraph might have been constructed for one-third of the outlay?—I did not use that language, nor did I mean to convey that idea. What I said was, that I thought that the cable from Bussorah to Kurrachee would have sufficed by itself; but it has been supplemented by two additions; first, by a land line along the Mekran coast, and then by a line through Persia, which enables messages to get to Bushire instead of going to Bussorah. I spoke of the expense of the two portions. I would not call it two-thirds of the expense, because I do not recollect what the cable cost, and what the Mekran line, and so on; but I meant that I thought that the expense bestowed on the cable would have sufficed by itself for adequate communication with India. I by no means said that I thought that the money expended on the other two portions of the line was thrown away. Most assuredly it is not now, because one portion of that expense was applied to making the line through Persia, which works better than probably any line in the world, far better than the Turkish line did.

8563. Still I understand you that adequate telegraphic communication might have been obtained without throwing any financial burden on the Indian people, which the present telegraphic communication certainly does?—Yes, I think I may say so still. I think, as I said just now, that if we had confined ourselves to connecting the Turkish telegraph by a cable from Bussorah to Kurrachee, although the Turkish part of that line worked infamously, and the public would have cried out dreadfully, nevertheless the traffic on that line would have paid a very fair dividend, perhaps three, or four, or five per cent. on the outlay required, simply for that partial communication.

8564. Do you remember how much money was sunk in the first Red Sea Telegraph?—No.

8565. That money was absolutely lost by the Indian Government, was it not?—Half by the Government, and half by the British Treasury; and it was lost because that company was guaranteed; that is the long and short of it.

8566. You think that if the guarantee had not been given, the line would have been constructed more carefully?—I do mean that.

8567. You, in principle, object to this plan of Government guarantees?—I do, generally; but I think that it need not have been inferred from what I said.

8568. You think that that was a very serious loss, a very large sum of money?—It was more than a million, I think.

8569. We are to understand that you think that really the primary motive cause of that loss was the fact that Government guaranteed a dividend?—I have no hesitation in saying so, and I will at once explain what I mean. For

Mr. W. T. Thornton.

27 June 1871.

certain portions of the line that cable was suspended from rock to rock; I mean to say, that supposing there was one rock here and another rock at some distance off, the cable, instead of being allowed to fall to the bottom and lie along the bottom of the sea, was suspended from rock to rock, and left to break by its weight; the object of the contractor being to use as little cable as he possibly could, knowing that if he could only form the line, however badly, the 5 per cent. would have to be paid for ever and a day by the two Governments. Now, about what I am saying I am quite positive. I was assured by the engineers that that was the fact, and it is inconceivable that any but a guaranteed company would have done that.

8570. Then, putting it in another point of view, I presume that you would agree with this opinion, that as money can be borrowed in England at less than 5 per cent., if you guarantee a company at 5 per cent. you destroy all security for economy and efficiency, and almost give them an inducement to spend as much money as possible?—To a very great extent I certainly do entertain that opinion; there is no one in the world more opposed to guaranteed companies than I am.

8571. What I point out would rather indicate the nature of your objections to the principle?—Just so.

8572. Did not the demand for the benefit of this Indo-European Telegraph partly come from the British public, and also does it not confer almost as much service on England as on India?—I should say that it confers quite as much benefit on England as on India; in one sense I should say the greater part of it is English, because I suppose that the messages pass chiefly between Englishmen in England and Englishmen in India.

8573. Therefore you would say that it really was of more importance to the English community almost than to the Indian community?—I think you must not leave out of sight the political advantages of the telegraph.

8574. Still we may assume that we derive political advantages from anything affecting beneficially the Indian people?—Decidedly.

8575. Therefore, as the telegraph has turned out hitherto a disastrous financial speculation, would it not have been fair that a portion of the risk and loss should have been borne by England?—I should have said so decidedly.

8576. Supposing that you have that opinion, what power have you of officially communicating an opinion when any expenditure is going to be incurred, that the whole of it should not be incurred by India?—I suppose that the representation would be made to the Lords of the Treasury; but we should know beforehand what would be the result. They would simply say that the Lords of the Treasury would not hear of it, and that they had nothing to say to it.

8577. At the present time there are a great many expenses incurred in India which are not simply for the benefit of India, but also benefit England equally as much, but there is no chance that England will contribute her fair share, as I understand you?—Not unless proper pressure is brought to bear upon the British Government.

8578. And speaking at the present time, there is little or no chance that such pressure will be brought to bear?—I should have thought that the asker of that question could give a better opinion than I can on that point; judging from experience, I should say that there is not the smallest chance of any fair treatment of the interests of India where the interests of England come into opposition to them.

8579. That any communication addressed by the India Office to the Lords of the Treasury would have little chance of being taken any notice of, and that, considering the state of public opinion in England towards India, there is little chance of any pressure being brought to bear on the Government from outside?—That is my own individual opinion, but merely my own individual opinion.

8580. You can speak as to the expenses incurred in England for telegraphic stores?—I have no doubt I could ascertain them without any difficulty.

8581. Does that come under your official cognisance?—In this sort of way: any requisition for stores from India would come in the first instance to me.

8582. Then who is there to check and to test these requisitions: suppose that you received from India a requisition for a certain amount of stores, and you thought that the stores were more than were required, or that they asked for too expensive stores, is there any control exercised on those requisitions at the India Office?—It would be altogether out of my province; but what would be done in such a case would be this; I should send the requisition to the Director General of the Store Department for his report upon it, if he thought his opinion desirable on any point. Very often he replies that there is no occasion for all these stores; or he might suggest that this should be substituted for that, and then he returns this report to me, and I place his recommendations before the committee, who adopt or reject, as they think proper, what he has proposed.

8583. Does it frequently happen that requisitions come from India for stores, and that they are considered so unnecessary that the Secretary of State for India in Council, or the committee to which you refer, refuses to execute the order?—They very frequently indeed adopt the recommendation of the Director of Stores that a smaller quantity shall be sent.

8584. What plan is adopted for testing the quality of the stores that you buy, and for securing that you obtain them, considering their quality, at the lowest possible price?—With reference to the first question, that is of course out of my province altogether; that is a duty which belongs to the Director General of Stores, and he has his own responsible staff, or makes his own arrangements; and I do not know more than anybody else about them. But with regard to the second question, the security that there may be for stores being obtained on the lowest terms, there is this: you must understand that the director of the store department has no power of his own; he can only act by authority, namely, by the authority of the Secretary of State in Council; he makes his proposals to them, and they adopt or reject them as they think proper. As we are particularly talking now of the telegraphic stores, an indent or requisition comes from India, we will say, for a certain amount of telegraphic stores. I believe that with regard to stores in general, the rule is that open competition should be invited, that anybody whatsoever should be invited to tender.

8585. That

8585. That is not the case with regard to beer?—We have nothing to do with beer in the Public Works Department; and even on the general question I am not speaking very confidently, because it is not my business; but my impression is that the rule is, that the competition shall be open; but there are a great many exceptions, and more particularly with regard to telegraphic stores. Now, there are very few manufacturers of telegraphic stores; of telegraph cables, I believe there are not more than one or two; and although of insulators the manufacturers are more numerous, there are not, I fancy, more than four or five who can be safely depended upon. I do not think myself that there are more than two; but there are several who profess to make insulators; and on previous occasions there has either been complete open competition, or a good many have been invited to send in tenders. The consequence is (and this is the complaint of the telegraph department in India), that we give an order to a man to provide a certain number of insulators, because he has sent in a low tender, and we either do not get them at all, or not for long after they are wanted, because the man has not adequate means for performing his contract; and only recently we got a memorandum from the Government of India requesting that we would not do anything of the kind, but always divide these orders among a few selected firms. I laid this recommendation before the Public Works Committee, and the Public Works Committee rejected it; they said that the rule was open competition, and that they would judge every case by itself; they would see when the occasion required whether they should limit the competition to three or four firms; but they would not lay down the rule that only a certain number of firms should be allowed to compete.

8586. If you have had in the India Office frequently to check, or to complain of the orders which have been sent home from India for telegraphic stores, as being unnecessary in amount, have they not also made corresponding complaints, and said that many of their orders have been issued at an extravagant price?—As regards the first part of your question, I am not sure that that has ever happened with regard to telegraphic stores; I meant st res in general. I do not recollect a case of an indent for telegraph stores coming home in excess; I will not say that there never has been one, but I do not recollect one. With regard to the other matter, I do not recollect any complaint on the part of the Government of India, that we sent out unduly expensive stores; they very often complain of delay in their being sent out.

8587. But if any complaint had been made with regard to the price that you paid for them, would that come under your department?—If it related to public works, stores, or telegraph stores, it would come to me.

8588. Mr. *Birley.*] You complain of the guarantee given to the original Red Sea telegraph; was not that on the same principle as the guarantee to the Indian railways?—I was speaking with no personal knowledge on the subject.

8589. I mean generally, was it not so?—I believe it was the same thing.

8590. And do you believe that those railways in India would have been made without those guarantees?—It is an opinion that I am almost singular in, but I do entertain the opinion strongly, that they would have been if a proper course had been pursued on the part of the India Government.

8591. What course would you recommend?—I cannot doubt that the same Government, by virtue of whose credit alone guaranteed companies are able to raise money, by its own credit could have raised money.

8592. How would you have recommended that the original telegragh to India should have been carried out, instead of the guarantee of 5 per cent.?—In a case of that kind I certainly would not have trusted a contractor, because I should have felt that it was the business of a contractor to do it as cheaply as he could, unless the contractor would have guaranteed the permanence of the cable after it was laid.

8593. Speaking of the delay in the execution of indents from India, you impose, do you not, heavy penalties on delay beyond the time that you yourselves specify?—I would rather not answer those questions, because I am not responsible for those matters.

8594. Mr. *Candlish.*] Speaking of the telegraphic communication between India and England commercially, have we not impoverished ourselves by multiplying it needlessly?—I should say that undoubtedly, if we could have foreseen what we now know, it would have been unwise to do what we have done; unwise, that is, to have spent the money in establishing a communication between England and India that we have spent; we could have established all that was requisite for a smaller sum.

8595. Would one telegraphic communication with India have been sufficient to do the work?—No, I do not think that it could be trusted. I think that it would be a great pity indeed if either the Indo-European line collapsed, or that of the Red Sea Company. The fact is that there is no year in which one or the other does not become interrupted, during which interruption the country would be without any communication with India if the other line did not exist.

8596. Could we have protected ourselves from the inconvenience of this interruption with fewer lines, taking the whole of our telegraphic communication between Europe and India?—I should say, undoubtedly, it would not be safe to trust to one line.

8597. The line through Turkey paid previous to the Red Sea being constructed, did it not?—It paid 1½ per cent.; I am speaking of our part of the Persian Gulf cable, which was connected with the Turkish line.

8598. How did we get pledged to the Turkish Government to carry on a second line to India?—I really do not know. When I took charge of the Telegraph Department, which was some ten years ago, I found that we had contracted that pledge; but I had not time to go into the antiquities of the subject. I know that it was universally admitted that we had committed ourselves to the Turkish Government.

8599. Who could inform the Committee on that subject?—I have no doubt that the office correspondence would give the information.

8600. That second line you would not have constructed except for that engagement?—You mean, as I understand you, the connection between the Turkish telegraph ending at Bussorah, and Bombay; I do not say that I would not; I would not have established the communication so expensively; what I mean to say is that we had

Mr. *W. T. Thornton.*

27 June 1871.

no choice or were considered to have no choice in the matter.

8601. Because of some pledge which we might or might not have entered into?—Which we certainly need not have entered into.

8602. And you think that it was desirable to construct that line, notwithstanding that it will always be worked at a loss?—I do not think that I ever said that, or those words must have had something which came before them which rather qualified their meaning; I rather think I said that the Turkish line would have paid if there had been no line to compete with it.

8603. What is the ground of the 9 *s.* 6 *d.* charge in India, upon all messages delivered in India?—It is the through rate which we charge for the conveyance, through any part of India, of messages coming from abroad to India.

8604. Do you approve of the policy of that uniform charge?—I do not think I am competent to form an opinion on that.

8605. It is not charged if the message is delivered inside Bombay?—It is charged, but not received by the Government; I said that at this moment, although charged, it is not received by the Government, but is received by the company; but when I said that, I laid great stress on "this moment." The fact is, that the Government of India have given notice that, from the 1st of July, they mean to take that money themselves.

8606. Sir *C. Wingfield.*] In what way; will they deduct it?—They do not mean to let the company pocket it, but to pocket it themselves.

8607. Mr. *Candlish.*] At present the company get 9 *s.* 6 *d.* more for a message to Bombay than for one to any other part of India?—No, it is exactly the same; that is to say, a message brought to Bombay by the Red Sea Company's cable pays for delivery in India precisely the same sum whether it is delivered at Bombay or at Cape Comorin.

8608. But delivered in Bombay; the company get the 9 *s.* 6 *d.*?—Up to this moment they do.

8609. They therefore get 9 *s.* 6 *d.* more for a message to Bombay than for one to any other portion of India?—They do; you are quite right in that.

8610. Do you know the ground of that?—Simply that the Government have allowed them hitherto to pocket the terminal charge.

8611. By an agreement?—No.

8612. The Government has power to terminate that arrangement?—Yes, they consider so certainly; I believe that it has been done by mere inadvertence on the part of the Government, but I cannot say.

8613. Did I rightly understand you to say to the honourable Member for Brighton, that you would absolve India from the consequences of these telegraphic financial failures?—I never meant to say anything of the kind. I think what the honourable Member for Brighton asked me was, whether I thought that England ought not to have shared the expense; to which I said, yes.

8614. Did you not say that the loss sustained should have been paid in larger proportion by England, in consequence of the messages being in a larger proportion to and from Englishmen?—I think that then the honourable Member for Brighton was asking me whether the telegraph was more beneficial to England than to India, and I said that in one sense it was more beneficial to England.

8615. You do not think that there is anything now to complain of in the allocation of the charge between England and India?—I think that is past praying for.

8616. Why should it be that India should send home to England requisitions for stores more than England thinks it needs?—It is a mistake on the part of the identing officer, I suppose.

8617. Will not the authorities in India be the best judges of the necessities of India?—I think that all men are liable to make mistakes, whether in England or in India. The mistake is generally discovered in England, in this way; the Director General of Stores, who receives this indent, says, "Why, you are sending home an annual indent, but we sent you over such a quantity such a time ago; you surely must have so much in store that you cannot require an additional supply."

8618. But is not the officer in India the man to know best what he has and what he requires?—It depends upon circumstances.

8619. What circumstances?—Whether he has properly examined into the matter.

8620. You have officers in India then who do not examine?—I believe there is no country in the world in which officers are not fallible.

8621. Mr. *Eastwick.*] You said that the line through Persia would never pay, and that it was quite impossible that it ever should pay; what do you base that statement upon?—There is no local traffic, I think. What really I based that statement on was the very great amount of the working expenses. I cannot conceive any increase of Persian traffic proper which would ever cover the working expenses, and yield a surplus over and above them, because now, although we are receiving some thousands a year, that is merely in diminution of the working expenses which we have to pay.

8622. But perhaps you are aware that there is a local traffic growing up, and that the merchants of Shiraz have offered, in fact, to our Director General to pay the expenses of the line to Bunder-Abbas?—I did not know that; I thought myself that the local traffic was carried by local lines.

8623. But supposing that the system was to be developed, and to be carried out to Yezd, and to other places, do you think, then, that probably the local receipts would increase very much, and might help to balance the expenses?—I think you are a better judge than I am as to that. The only thing that I based my statement on was the excessive deficiency that there is now. The working expenses are so very much greater than the receipts now that I meant there was no prospect of their ever being covered by the profits.

8624. Be that as it may, it is quite clear that no private company could ever have undertaken the line through Persia; I suppose you would admit that?—Certainly.

8625. And I suppose you would consider that it would be impossible for a private company to carry it on?—They could not bear the expense, even if they got it for nothing.

8626. So that if there are any political advantages which compensate for the expenditure, the line must have been made by the Government?—It must be maintained by the Government. I think that is an excellent reason why we should not withdraw from our connection with Persia, although

although we maintain it at a large expense. Now that that has been reduced by something like one-half, it may well be worth while to lose something, 10,000 *l.*, or less than that, for the sake of that political influence which we do exercise in Persia.

8627. Mr. *Haviland-Burke.*] When you say "we," you mean this Government equally with the Indian Government, I suppose?—I mean the Government of the British Empire.

8628. Mr. *Grant Duff.*] Will you give us, in the fewest possible words, some account of the telegraph receipts in India, and confine yourself as much as possible to explaining to the Committee how far the telegraph lines may be expected to be eventually self-supporting, and how far they cannot be expected to be self-supporting, avoiding all collateral points?—I have got the receipts on India lines proper for the year 1869-70; but all my other information is for the previous year 1868-69; and the differences between the receipts for the year 1869-70 and those for the previous year are so small that it may be better, for the sake of comparison, to keep to the year 1868-69. Now in the year 1868-69, in round numbers, there were 14,000 miles of telegraph open in India. In round numbers, their total cost (not, of course, adding to it arrears of interest, but exclusive of arrears of interest) was 1,800,000 *l.* The total charge for the year was 202,554 *l.*; that is to say, the total expenses of maintenance and working the line, and charges of all kinds, except interest on capital; the total revenue was 120,887 *l.*, leaving a net excess charge of about 81,667 *l.* I think that I have now answered the question, except saying that the Director General of Telegraphs considers that the rates in India are exceptionally low, and that therefore they would bear enhancement.

8629. But can you express any opinion as to the probability of the receipts from the telegraph increasing?—I see that they do rise from year to year. I have got here the receipts from the year 1850 to the year 1869, and they have increased every year, not quite regularly, but they are higher now than they have ever been before, and higher this year than last year. For instance, I gave the receipts for the year 1868-69 at 120,000 *l.*; for the last year that we have any record of, namely, 1869-70, they are 129,000 *l.* They increase every year; but that does not mean much, because the fact is that the mileage increases too.

8630. Will you just give the rates?—I have not got the rates with me.

8631. Sir *C. Wingfield.*] Will you explain more clearly about that 9 *s.* 6 *d.* rate; you said, I think, that the British Indian Company had hitherto kept the 9 *s.* 6 *d.*, but that from the first of July it is the intention of the Government of India to take that money?—Yes.

8632. That intention of the Government of India is under the consideration of the Home Government, is it not?—Well, I think that the Home Government has decided, at least I fancy it will decide to-morrow, not to interfere with the action of the local government.

8633. Is it not the case that their taking this sum will fall more heavily on the British Indian Submarine Company than on Siemens's Company, because the latter stops at Teheran?—Of course it will not affect them in the least.

8634. Therefore the Submarine Company will be weighted relatively to Siemens's in respect of this charge?—On the contrary, the Submarine Company have a great advantage over Siemens's in respect of any message, and this does not in the least affect the Indo-European Company; it affects us. This is what we have hitherto done; we have not charged any terminal rate at Kurrachee up to this time; it really did so happen up to this time that a message sent to Kurrachee was 9 *s.* 6 *d.* cheaper than a message two miles out of Kurrachee; we did not charge it there, but at Bombay the charge was made, but not by us. Now we are going to charge it both at Kurrachee and at Bombay, and to take it ourselves.

8635. Mr. *Crawford.*] Can your give us the distribution of the 90 *s.* for each message?—Major Champain gave that.

8636. Sir *C. Wingfield.*] At Kurrachee who pays it; the Persian Gulf Cable will have to pay this 9 *s.* 6 *d.*, I suppose?—It will be paid by the sender of the message. Such messages as do go to Kurrachee and stop there (there are almost none of those), will no longer have the exemption that they previously had. Hitherto those persons at Kurrachee, who have either sent or received messages, have had that advantage over the rest of India.

8637. Mr. *Crawford.*] If I send a message to Bombay at the cost of 4 *l.* 10 *s.*, the receiver now has nothing to pay?—No.

8638. Will he have 9 *s.* 6 *d.* to pay in future?—No. You send a message to India by the Submarine Company, and you pay 4 *l.* 10 *s.* for it; that is all you have got to pay, and all that ever is paid; 4 *l.* 10 *s.* is received at Bombay, but whereas 9 *s.* 6 *d.* of this has hitherto been received by the company, it will hereafter be received by the Government.

8639. On what principle is that 9 *s.* 6 *d.* arrived at?—It is the through rate, the rate that we charge for the conveyance of any ex-Indian message, if I may say so, any message which comes to India from outside India; the charge of the Indian Government for the conveyance of it through India.

8640. Do you mean that they are going to charge 9 *s.* 6 *d.* for the delivery of a message at the next house?—I mean to say that. They charge the same rate to Cape Comorin or to Bombay.

8641. Do you justify that on any ground?—On the ground of uniformity. As the Committee have seen, the Indian telegraphs are maintained by the Government for the benefit of the country at a very great expense, and therefore the Government, I should say, are perfectly justified in putting on any rate which will enable them to cover the expense.

8642. Mr. *Cave.*] But if you happen to live close by you will get less for your money?—That is your misfortune; if you go to Calcutta you will get the advantage.

8643. Sir *C. Wingfield.*] Will the local rates remain the same to senders of messages in India?—The local rates, it seems to me, are too low, and the Government of India are seriously thinking of raising them.

8644. The other day, by agreement with the Government, the British Indian Company and Siemens's Line raised their rates to 4 *l.* 10 *s.*?—Yes; but I think that you are putting the cart before the horse; the way in which I should put it is this: that the Indian Government, following

Mr. W. T. Thornton.

27 June 1871.

the example of those two companies, raised its rates; the fact is that they, without our concurrence, raised their rates to 4 *l.*

8645. And you made them raise them to 4 *l.* 10 *s.*?—They raised their rates, and we told them that they were doing an illegal thing, and we did not think that we could do it according to the terms of the Vienna Convention; but we were informed by the Berne Office (which represented the Vienna Convention), that if we pleased, we, being parties to that particular line, could by agreement with the other parties to that particular line raise the rates. Upon that we said, "Now we are quite content to raise the rate, on condition that we as well as you have a fair share of the increase."

8646. The fact was, that while they were satisfied with 4 *l.*, the Government of India made them fix it at 4 *l.* 10 *s.*?—No doubt they were satisfied with 4 *l.*; but it was not to be supposed that we should be. There was a 2 *l.* 17 *s.* rate, of which we got a proportion, and they got a proportion. They added to their own shares, making the entire rate 4 *l.*, and diminishing the number of messages. We would not agree to that. We said, "If it is raised at all, it must be raised so that we shall have a share as well as you."

8647. Mr. *Crawford.*] The first turn of the screw came from the British Indian Company, did it?—It came from both of them, so far as we were concerned; they told us that they intended to raise their rates, and asked us to authorise the levy of those rates in India. We simply refused. We said, "This is quite illegal, and we shall not do anything of the kind"; they did it in England in spite of us, but in India they could not do it without our concurrence, and we would not concur.

8648. Sir *C. Wingfield.*] So that at all events the Indo-European Company will get the whole of the advantage of this 4 *l.* 10 *s.*; it will not suffer that diminishment of 9 *s.* 6 *d.*?—The Sub-Marine Company gained amazingly by that rise, infinitely more than the Indo-European Company did. Observe what was done; the 2 *l.* 17 *s.* was raised to 4 *l.*, and then by that, the Red Sea Company got 1 *l.* 3 *s.*; we insisted, as they call it, on its being raised to 4 *l.* 10 *s.* What effect had that on them? that, whereas they got 1 *l.* 3 *s.*, they now get 1 *l.* 13 *s.*

8649. And Siemens's line got a still larger proportion?—No, Siemens's line does not benefit by the increase from 4 *l.* to 4 *l.* 10 *s.*; he would be glad if we had remained at 4 *l.*; the additional 10 *s.* was taken by ourselves; they had raised their rates and got their share.

8650. You only raised the Persian Gulf rate by 8 *s.*?—But then we added 2 *s.* to the Indian rate. That through rate, of which you have been asking, was 7 *s.* 6 *d.* before this charge took place, and now it is 9 *s.* 6 *d.*

8651. Mr. *Fawcett.*] I understand from your figures, that looking at the telegraph in India, considering it simply as a financial question, and looking at the direct financial result, the Government has spent 1,800,000 *l.* to realise an annual loss of 142,000 *l.*?—If I made the annual loss so high it was by mistake. The real loss is about 81,000 *l.* annually.

8652. Does that include the interest on capital?—No, it does not; the interest on capital is exclusive; you must add 66,000 *l.* for that.

8653. Then that 1,800,000 *l.* has been chiefly borrowed, has it not?—It is impossible to say what has been borrowed; the Government of India borrows every year; what part of its expenses it pays with borrowed money no one can say.

8654. The interest on 1,800,000 *l.* at 5 per cent. is 90,000 *l.*, is it not?—I should have said so too; but I see that they have put it down themselves in those figures which I have copied at 5 per cent., 66,000 *l.*

8655. But that must evidently be a mistake?—No doubt it is.

8656. Therefore as they have been constantly borrowing it is fair to assume that the telegraphs have been partly carried out by borrowed money?—I think it perfectly fair to assume that, if you recollect this assumption in any subsequent assumption that you may make, and if you will deduct this and imagine that this has been borrowed, and that therefore so much less has been borrowed for other purposes.

8657. Then the real financial result would be, adding this interest (because whether borrowed or not, you are bound to allow interest on it), an annual loss of something like 230,000 *l.*?—Adding 90,000 *l.* to 81,000 *l.* the total will be 171,000 *l.*

8658. By whom are the telegraphs in India chiefly used?—I can give you some sort of idea, for I have got here an account of the description of messages. I have got the number of messages sent in that particular year that I gave you, the year 1868–69. The number of private messages was 333,856; the number of service or Government messages was 40,000; the total was 374,000.

8659. But we may argue from analogy (I suppose it is a fair supposition), that the telegraphs as in this country are a company to a great extent enjoyed by the rich rather than by the poor?—Yes, but not necessarily the English rich; it may be native rich.

8660. But I mean that they would be used generally by the English and native rich?—By the well-to-do people, undoubtedly.

8661. Then do not you think, that considering that this loss of 238,000 *l.* has to be supplied by the general taxation of the country, which taxation has to be supplied by the great mass of the people, as a matter of justice the charges ought to be so raised as, if possible, not to throw any annual loss upon the mass of the people?—With that qualification of "if possible," I should agree with you completely; but I am afraid that the effect of raising the charges with the intention of raising a revenue, such as would not only pay the expenses, but yield a dividend, would be to put a stop to traffic. Now, if that were done, and the telegraph could not be maintained, then we should lose another advantage which is well worth maintaining, even at an enormous expense; we should lose the political advantage; we should lose the power which the Government now has of obtaining information from, or sending information to, any distant part of the country; and I am not speaking merely of the importance of such facility in time of war, but even in time of peace; for instance, if there were a famine in Rajpootana, or in Orissa, it would be of incalculable importance to the Government that it should have the means of immediate communication with these places, and it would be a most deplorable thing, that for the sake of saving 80,000 *l.* a year they should not have it.

8662. This

8662. This is what I want to arrive at; whether you do not think that the financial position of these Indian companies would be improved by raising the charge for messages?—You mean the Government telegraphs; it is not for me to give an opinion on the subject, but I believe that the Telegraph Department in India thinks that the rates will bear raising. The fact is, that they lowered them recently experimentally, with the desire of seeing whether the traffic would increase in proportion, and I think they have been disappointed, and they are considering now whether they will not raise the rates in order to make the telegraph more remunerative than it is. I do not believe that the telegraphs will be remunerative for a very considerable time to come.

8663. You think it will always result in a very heavy loss?—I cannot tell.

8664. Are all the telegraphs in India constructed by the Government?—All, except those along the lines of railway.

8665. And do those pay?—Certainly not.

8666. Have they been conducted simply as a speculation, or in any case has a guarantee been given in India?—A guarantee has been given in no case.

8667. Do you think that any part of this disastrous financial result, which the figures show, is to be attributed to extravagant expenditure in the construction?—I am no very good judge, but I have just made this calculation: there are 14,000 miles of telegraph in India open now, and in round numbers they cost 1,800,000 *l.* to construct; that, I think, is at the rate of 120 *l.* a mile. I do not know what the expense of material is, but it does not strike me as being a large sum, considering that it is India and not England, and considering that the materials have to go from England.

8668. You are not aware of any official paper that refers to extravagant expenditure in the construction?—I have never seen such a statement as that; I have heard plenty of complaints of the inefficiency of the Indian Telegraph a few years ago, before it got under its present management, but I never heard any complaint of its having been constructed at an extravagant expense; now, I believe it is generally admitted that the working is exceedingly good.

8669. But in all these telegraph accounts, you do not get a fair financial result, because you get gentlemen employed, do you not, who derive a portion of their salary from some other source; and that is the case not only with reference to telegraphs, but with reference to all the public works in India, is it not?—If they happen to be military men; in that case I really am not quite sure, whether the military pay is charged to the Military Department or not; I do not think it is, but whether it is or not it is really not of much consequence, because the military pay of a man in the Public Works Department is only a small portion of it, because any officer in the Army is so miserably paid.

8670. Taking a staff officer of high rank, his pay is considerable, I presume, and he is drawing his pay from the Army, is he not?—In the Public Works Department (which is the only department for which I am competent to speak), if he got military pay, his Public Works pay would be reduced proportionately.

8671. But then that comes to the same thing?—No; what I mean to say is this, that a civilian who entered the Public Works Department would receive larger pay from the Public Works Department than a military man who occupied the same post, and discharged the same duties, and received military pay.

8672. That is exactly what I want to bring out; for instance, Mr. A. is a civilian employed in the telegraph department, and Colonel B. is a military man employed in it; they are men of equal abilities and perform services of the same value; Mr. A., because he is a civilian, receives 3,000 *l.* a year; Colonel B. also receives 3,000 *l.*, but he gets 1,500 *l.* a year of that from the Public Works Department, and 1,500 *l.* from the army?—I should say you are very wrong about the proportions, but I cannot give them exactly. The one would get 3,000 *l.* entirely from the Public Works Department, and the other would get perhaps 2,700 *l.* from the Public Works Department; getting only his military pay from the Military Department. Observe that it is his mere military pay that he gets, not his military pay and allowances; his military pay would be some trifle in comparison to his salary.

8673. But whatever it is, it is a fact that there are a great many officers employed in the telegraph and other public works departments, and they receive a portion of their pay, whether larger or smaller, from the army, do they not?—Yes; but it is really not an item worth taking into account.

8674. Mr. *Birley.*] Is the telegraph system in India considered pretty complete, or are large extensions contemplated?—I think I can answer that question by this map, which shows at a glance how India is covered with telegraphs (*handing in a Map*); those red lines are all telegraphs; there are 14,000 miles opened.

8675. I conclude that there is great economy in moving troops and in carrying on the government of the country in consequence of the telegraph?—There certainly ought to be.

8676. Can you tell me whether there has been any special expense in India beyond other countries in laying down the line?—I am now speaking not at all with any accurate knowledge, but my impression is that in the first instance when the telegraphs were first established in India, they were laid down with marvellous cheapness; they were laid down by Sir William O'Shaughnessy, with marvellous cheapness.

8677. Why has that cheapness not been continued?—I think it was a makeshift system; it was very inefficient; it did very well then; the great thing was to establish a telegraph system all over India as quickly as possible, and comparing it with the nothing that existed before, it was done very well. Everything, however, has had to be renewed and done over again.

8678. The timber has to be brought from England?—Not the timber; the iron posts have.

8679. Mr. *W. Fowler.*] May I ask what is the rate from Bombay to Calcutta?—If it is a message which comes from outside India it is 9 *s.* 6 *d.*; if from Bombay to Calcutta, originating at Bombay, it is very much cheaper, namely, 1 rupee for 10 words.

8680. Mr. *Crawford.*] If the British Indian Company had had an office and a delivery of its own at Bombay, would the Government then have claimed to take the 9 *s.* 6 *d.*?—They would not have allowed them to deliver; that has always been a bone of contention between the company and the Government, and the company have

Mr. W. T. Thornton.

27 June 1871.

always insisted on the right to deliver, and the Government have always refused it.

8681. Mr. *Grant Duff.*] Is it not the case that every telegraph company that lands a cable in any country is charged a certain sum under the title of terminal rent?—I am assured that, without any exception, it is the case.

8682. Sir *C. Wingfield.*] Except in England?—England being included; a post office charge is made for the messages of the Submarine Company; and my authority for that is a letter received yesterday from the Secretary to the Submarine Company.

8683. Mr. *B. Denison.*] Is the telegraph now throughout India in, what we may call, its permanent condition?—It is in process of improvement.

8684. Mr. *J. B. Smith.*] Would you not say that even if the electric telegraphs produced nothing to the Government, in the present condition of India, it is indispensable that they should have telegraphic communication?—Certainly; they are worth paying 80,000 *l.* a year for.

8685. In fact the Government could not do without them in the present state of things?—Certainly not.

8686. Is it not likely as the resources of the country develope, and trade extends in different parts of the country, as it is doing every year, your telegraphic communication will extend and bring in a larger revenue?—Eventually undoubtedly; it is improving every year.

8687. It is likely to be a slow improvement?—Yes.

8688. And probably you may find that by extending your lines in some other directions, you may get greater profits than at present?—Yes; but even as the lines are the receipts will increase.

8689. They are indispensable, and the only question is whether they are worked economically, and that is the business of the Government to attend to?—Yes.

8690. Mr. *Fawcett.*] You have said that the revenue from the telegraphs in India was gradually and steadily improving; do you mean simply the gross revenue, or do you mean the revenue when you deduct all the working expenses?—There is an excess of working expenses beyond revenue; there never has been any net revenue.

8691. But is it not the fact that up to the present time there has been really no improvement in the revenue; that the working expenses have increased even at a faster rate than the receipts?—Here I have got the charges of all kinds, exclusive of interest, per mile of line from the year 1850 to the year 1865; and I think it will be worth my while to read this, as it will show you all the expenses of maintenance as well as of working. I will give you the charges per mile of line; I suppose I may leave out the decimals. In the year 1850 they were 6 *l.*, and the revenue 7 *l.*

8692. In that year there was a surplus therefore?—Yes, but at that time there were only 83 miles of line. In the next year the charges were 18 *l.*, the revenue, 22 *l.*; in the next year the charges, 60 *l.*; revenue, 25 *l.*; in the next year charges, 2 *l.*; revenue, 1 *l.*; the explanation of that is this; in the year 1853-54, when the charges were 60 *l.* a mile, and the whole of the revenue was 25 *l.* a mile, there were 91 miles open. Then the next year, there were 3,253 miles open, and then the charges fell to 2 *l.* a mile, and the revenue to 1 *l.* a mile, or rather to 1, decimal 99, nearly 2 *l.*; then in the next year, the charges were 8 *l.*, and the revenue 6 *l.*; in the next year the charges were 11 *l.*, and the revenue 7 *l.*; in the next year the charges were 9 *l.*, and the revenue, 6 *l.*; in the next, charges 10 *l.*, revenue, 5 *l.*; in the next, charges 10 *l.*, revenue, 4 *l.*; in the next, charges 12 *l.*, revenue, 5 *l.*; in the next, charges 12 *l.*, revenue, 6 *l.*; in the next, charges, 11 *l.*, revenue, 6 *l.*; in the next, charges, 11 *l.*, revenue, 7 *l.*; in the next, charges 11 *l.*, revenue, 6 *l.*; and in the next, charges 12 *l.*, revenue 8 *l.*

8693. From those figures you cannot bring out any general result, can you; they vary so that you cannot, as a matter of fact, deduce any result from them?—You would like, I presume, to have the balance of charges for each year, and see how it increases; the difference between receipts and expenditure; I will give it you in round numbers. In 1851-52, 60 *l.* is the balance of loss; in the next year there was a gain of 17 *l.*, and that was the only year in which there was a gain. In the next year there was a loss of 3,400 *l.*; in the next there was a loss of 6,600 *l.*; in the next there was a loss of 19,000 *l.*; in the next there was a loss of 27,000 *l.*; in the next there was a loss of 31,000 *l.*; in the next there was a loss of 58,000 *l.*; in the next there was a loss of 79,000 *l.*; in the next there was a loss of 107,000 *l.*; in the next there was again a loss of 107,000 *l.*; in the next there was a loss of 90,000 *l.*; in the next there was a loss of 86,000 *l.*; in the next there was a loss of 115,000 *l.*; and in the next there was a loss of 113,000 *l.*

8694. Then those results show that there has been a steady increase in the loss?—Certainly they show, not a steady increase, but that there has been an increase.

8695. With an interruption, the increase in the loss has been steady and gradual, has it not?—I should say decidedly not. In 1860-61 it was 107,000 *l.*; and so it was in the next year then in the next year it was 90,000 *l.*; and the 86,000 *l.* In the following year it gets to 115,000 *l.*; and in the last it falls to 113,000 *l.*

Friday, 30th June 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Grant Duff.
Sir Thomas Bazley.	Mr. Eastwick.
Mr. Beach.	Mr. Fawcett.
Mr. Birley.	Mr. Lyttelton.
Mr. Bourke.	Mr. M'Clure.
Mr. Candlish.	Sir Stafford Northcote.
Mr. Cave.	Mr. J. B. Smith.
Mr. Cross.	Sir D. Wedderburn.
Mr. Charles Dalrymple.	Sir Charles Wingfield.
Mr. Beckett Denison.	

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

KAZI SHABUDIN, called in; and Examined.

Kazi Shabudin. 30 June 1871.

8696. *Chairman.*] WILL you be good enough to state what part of India you have resided in, and what has been your occupation?—I have resided in the Bombay Presidency, and was employed principally in Guzerat, in the Revenue Department, first as a mamlutdar or tehsildar, and subsequently as a deputy collector and magistrate.

8697. How long is it since you left India, and came to this country?—I left India in July 1869, and have been in this country ever since.

8698. Mr. *Eastwick.*] I think that you have received titles from the Government for your services?—While I was tehsildar I received the title of Khan Sahib, and when I was deputy collector I held the title of Khan Bahadur, which is an official title.

8699. You were employed also in the secretariat at Bombay, were you not?—Yes, I was nearly two years there as a superintendent in the Revenue Department.

8700. Could you state the dates at which your appointments took place?—From April 1862 to, I believe, April 1864; I was in the Secretariat as a superintendent in the Revenue Department; and from May 1864, for about two years, I was tehsildar in Ahmedabad, and after that I was appointed deputy collector, which appointment I resigned in December 1868.

8701. Were you deputy collector at Ahmedabad?—In Surat.

8702. Then you have had great opportunities of seeing the collection of the land revenue, I suppose?—Yes, the collection of the land revenue was my chief duty.

8703. What is your opinion as to the rates of assessment at present?—It is extremely difficult to say what the present rates of assessment are; they vary from a few annas per acre to, I believe, 14 rupees per acre in Guzerat, but I have got an average by dividing the land-tax collected in 1868-69, by the number of cultivated acres, and that gives me 2 rupees 4 annas. I think that may be taken as the average on all sorts of land throughout Guzerat. In the Deccan, by the same process, I arrive at 15 annas 1 pie per acre. This is exclusive of the local fund, which is 1 anna per rupee of the collected revenue.

8704. Are you aware of the fact stated by a preceding witness, that in one of the Pergunnahs at Sopah 26 rupees per acre is paid?—I do not think that there is anywhere in Guzerat so high a rate as 26 rupees per acre. I was not employed in Sopah; but I do not think that that can be correct. Fourteen rupees per acre is the maximum limit, I think.

8705. Then, taking the average, you do not think that the present rates of assessment are too high?—I do not think that the present rates of assessment are too high; but I think that the produce per acre is very low.

8706. Will you explain why you think so?—Taking bajree, which is the staple food in Guzerat, and more largely cultivated than any other product, I find 264 rupees to be the produce of one holding such as Government recognises (these holdings are subdivided among families, but Government recognises larger holdings than they often actually are), taking the average holding to be eight acres, and the yield at the rate of 1,000 lbs. per acre, and taking the price of bajree at 30 lbs. per rupee, which I find to have been the case in 1867-68, an average good year. From that we have to deduct the Government assessment and local fund, which amounts to 19 rupees 2 annas; the price of seed, deterioration of live-stock, implements, and other expenses of culture, exclusive of the labour of the cultivator and his family; all of which, at a safe estimate, amounts to 67 or 68 rupees; deducting this from the total produce of the holding, it leaves 197 rupees per holding; and if we take a family to consist of four adults, including children, we get about 49 rupees per man per annum.

Kazi Shabudin.

30 June 1871.

annum. I have assumed an average good season, and a larger holding than these holdings actually are. But, as a rule, good seasons occur once in two years, and in some parts, once in three years; and the holdings, being subdivided, are generally small.

8707. Then you do not regard the condition of the agricultural classes as being prosperous at present?—Comparatively speaking, that is, compared with what it was previous to 1840, so far as I know from official records, I think it is prosperous.

8708. But you would say that the state of the people in Guzerat is rather superior to that of the rest of the Presidency's, would you not?—Yes.

8709. Then you do not think that there is much prospect of increasing the land revenue, I presume?—At present there is no prospect, because the revenue settlements are for 30 years; but when they come to be revised, it will depend upon prices, and the policy Government may pursue; *i. e.*, whether they mean to leave any accumulation of capital in the hands of cultivators, or leave them in their present state; that is, with just enough for them to live upon. As to prices, I think that there is no prospect of any considerable rise, because all those causes which have tended to raise prices in the Bombay Presidency have nearly disappeared. First of all, there were the railways; but all our principal lines in the Presidency have been constructed. Then there was the mutiny, and then the windfall of high prices for cotton during the war in America. Those causes tended to raise prices. But I do not think that we shall have anything like the same prices hereafter, at any rate, for a long time.

8710. But do you see any means by which the produce of the country could be raised?—Yes. We might expect an increase from the land revenue if the produce could be raised; and the principal means, I think, would be irrigation. There is a great want of irrigation in the Bombay Presidency. All the irrigation that we have there is from wells. The proportion of irrigated lands to unirrigated dry crop lands is almost trifling, not even worth mentioning. Taking 1868-69, I find that the total number of acres capable of cultivation in Guzerat was 7,164,941, and of beegahs, 1,566,904. Of these only 185,820 acres, and 12,122 beegahs were irrigated, and the rest were all dry crops, depending upon rains, which are very precarious; and bad seasons are not unfrequent.

8711. You think that there might be a great increase of irrigation by means of wells?—Yes; that is the only mode at present of irrigating land there; and if the people had capital, and received encouragement, I think they would irrigate their lands by means of wells. I would also urge the necessity for systematic canal irrigation.

8712. At present there is a rate upon wells, is there not?—Yes, all wells pay a separate assessment; all irrigated lands have a water assessment charged upon them, in addition to the land assessment.

8713. What is the rate?—The rate varies according to the situation; it is about four or five rupees per acre, and in some places more.

8714. And you think it desirable that that rate should be abolished?—I think so, as the people will then see that if they dug new wells they would not have to pay any additional assessment; at present they do not know what the Government might do if they invested what capital they have in wells, and that prevents them from digging wells.

8715. Your belief is that it operates as a great deterrent?—Yes.

8716. Then what is the state of the country as regards roads and communications?—In the Deccan there are some roads, but in Guzerat there are hardly any roads worth speaking of; all the bridges that there are, are those constructed by the railway company; there are hardly any roads or bridges constructed by the Government.

8717. Do you think that if roads were constructed it would improve the state of the country and increase the produce?—Yes, certainly.

8718. Do you think that there is a great deal of produce which cannot be sold now, which, in fact, is lost?—Yes; owing to this want of communication, and, I believe, the high rates charged by the railway company, it cannot be taken to the best markets, and the cultivators do not realise those prices which they could otherwise obtain.

8719. But would not the making of roads be very expensive, because it is a black soil, and there are no means of getting kunkur?—Yes, it would be very expensive; there is no kunkur to be had in Guzerat, in many parts of it.

8720. Have you formed any idea with respect to the redemption of the land tax?—Yes; I think that if certain classes of cultivators were allowed to redeem the land tax under certain conditions it would be a very beneficial measure, not only as a means of increasing produce, but of raising those classes in the social scale.

8721. What classes do you allude to?—I would allow those koonbees, or hereditary cultivators, so deeply attached to the soil, who might have the means of redeeming the land tax, to redeem it.

8722. Then it would appear that a great many of these cultivators have really accumulated money under this system?—There are some in Guzerat who have the means of redeeming their land tax. What accumulations they have now are either buried under ground or invested in ornaments; all this would come out, I think, and be put in circulation if they were allowed to redeem the land tax.

8723. Your opinion is that a great deal of money is now buried in the ground?—I do not think that the country is wealthy, in the sense in which we understand the term; but there are many old koonbees and patidars who have money at their disposal, more or less.

8724-5. It might be very advantageous to the ryots to redeem the land tax, but would it be equally advantageous to Government; what substitute would there be?—I do not think that you would require any substitute. In the first instance, in allowing them to redeem the land tax I would proceed gradually; I do not advocate a sweeping measure, and if Government get a good price for their land, I do not think that they require any substitute for it. They can pay off their debt gradually, and thus lessen expenditure.

8726. Do you see any means of economising outlay in the collection of the land revenue?—I think there is some room for economy in the cost of collecting the land revenue, because where the revenue survey has been introduced, the whole

whole management of the revenue department has become so simple that we do not want the present costly machinery. The present machinery I think too costly for the work required to be done in the collection of land revenue; I think it could be done by mamlutdars, with a European officer superintending them. You do not want assistant collectors on high salaries.

8727. You would do away with European agency in collecting it?—Yes. They have now to perform two duties: one that of revenue collector, and the other that of magistrate; their principal duty now consists of magisterial work, but this work is not enough to keep them employed the whole of their time, and the revenue work is so simple that it could be safely delegated to mamlutdars, arrangements being made in connection with the judicial department for the purely judicial duties, which would not require the present number of magistrates.

8728. What is the pay of the mamlutdars?—It is 200 rupees a month for the highest grade.

8729. Then you are for separating the magisterial from the revenue functions?—Yes; and I think also that such a measure would be beneficial in other ways; it would improve the administration of criminal justice in the Mofussil. I do not think that the revenue officers (district collectors included), are proper persons to exercise magisterial functions.

8730. Why?—They, as revenue officers, have to do with a large number of people, and are frequently biassed; sometimes they are both the accusers and judges themselves.

8731. However, that cuts both ways, does it not, because they have a greater knowledge of the circumstances?—But the judicial officers in the Mofussil, I think, have as much knowledge of the people of the country as they require; and if these two departments were separated I would have all young judicial officers undergo a period of probation in the Revenue Department for two or three years before they were appointed to judicial situations.

8732. Have you heard complaints of judicial proceedings and administration?—Yes, there are complaints; and I have seen cases of that sort myself.

8733. Do you think that it would be a good plan that every European officer should elect either for the judicial or for the Revenue Department?—Yes; it would be, I think, a better plan to require all candidates admitted to the Civil Service of India to elect either for the Judicial or for the Revenue Department, and their subsequent training should be directed especially to law or agriculture, as the case may be. At present our revenue officers know little or nothing of agriculture.

8734. The duties were separated before once, were they not, in the Bombay Presidency?—I was not in the department then.

8735. Have you had anything to do with the collection of the income tax?—Yes, as Teshildar, I was collector of the income tax in my talooka.

8736. Had you much difficulty in assessing it?—No, I had not much difficulty in assessing it; the process was simple enough; I hardly knew anybody in the Pergunnah, so that all I did was to send for the village accountants and patels, and give them the schedules, which they filled in and brought to me; I could not scrutinize them; the patels and the village accountants, no doubt, took advantage of this to favour their friends and harass others; I was obliged just to send on these schedules to the collector.

8737. You had no means whatever of testing the accuracy of these schedules?—None.

8738. And no attempt was made to test their accuracy?—No, no attempt was made; in fact, the Mamlutdar had so much to do that even if he attempted it he could not make the inquiries.

8739. Did you hear many complaints about the income tax in the Mofussil?—Yes.

8740. Do you think it presses heavily upon the people there?—It was very unequal in its operation; those who could evade it did so; others, who had no friends, or who were not on good terms with those who were in power, had to pay an almost ruinous tax.

8741. Do you think that some other tax might be substituted for it; a house tax, or a horse tax, for instance?—I do not know whether any tax could be substituted under the present circumstances. In the Bombay Presidency, I think, about 80 per cent., if not more, of the population are cultivators, and people who live on land (that is a very safe estimate, I think); they pay, generally speaking, as much as the land can bear under the present circumstances, and I do not think they can bear any additional taxation. The rest of the population are generally traders; but all taxes on trade are paid by consumers.

8742. Did you see anything of the working of the salt tax?—I have not paid much attention to the salt tax, but, I think, in certain parts of the country, it is heavy, particularly on the lower classes. In the Concan, for instance, where I was born, I saw people go to the seashore and scrape together the sands with encrusted salt after the ebb-tide, and after washing and straining them, use the salt which they so obtained. These were, of course, the poorer classes, and, I think, the tax operates heavily on those people.

8743. There have been statements made that the salt tax might be increased in the Bombay Presidency; is that your opinion?—If you could put it on classes, the richer classes might bear an increase, but the masses who live from hand to mouth I do not think could bear any additional tax of that kind; it is not that the tax itself is heavy but that their income is small.

8744. On the whole, your opinion is that the people cannot bear much additional taxation?—Not much. As to the salt tax I have stated that it would be extremely undesirable to increase it, particularly on the poorer classes, who constitute the masses. There are, of course, rich people who could afford to pay an additional tax.

8745. Then what is your idea as to the way of providing the revenue of the country; do you think that we could economise?—I think that there is great room for economy; I am speaking merely from my own impressions derived from what I saw during my residence in different parts of the country. There is great room for economy in the Public Works Department, in the Commissariat Department, and in the construction and management of railways.

8746. Do you think that this new measure of the decentralisation of finance is likely to be beneficial to the country?—I have read the Governor General's Despatch on the subject, and so far as it goes, I do not think that it is a good measure in any way.

8747 What are your objections to it?—It merely compels the local Governments to put additional taxation on their respective provinces,

Kazi Shabudin.

30 June 1871.

and affords no relief, practically speaking. Moreover, hitherto, when any additional taxation was imposed by the Governor General of India, there was a strong public opinion one way or the other; but now when the local Governments imposed taxation, public opinion would dwindle into nothing almost, and would not be heard. For instance, if the Government of Bombay imposed any such tax as the late income tax, you would hardly hear any complaints in this country; but if the Governor General did so, there would be complaints from Madras, Bombay, the North-West Provinces, and Calcutta, all of which would come swelling to this country, and some attention would be paid to them. That is one decided disadvantage of decentralisation, as matters are at present.

8748. You think there might be oppressive taxation without its becoming known?—Yes, unless the natives are more consulted than they have hitherto been.

8749. Is there much discontent about the education cess?—In the Bombay Presidency I do not think there is any discontent on that subject, but I think that the people consider the imposition of the cess is a breach of faith; I mean in those provinces where the revenue settlement has been introduced for 30 years. The cultivators clearly understood the assessment then fixed to be the maximum demand to be made by Government without any addition being made to it on any account whatever, and this one anna cess is an addition not in accordance with their understanding of the revenue settlement.

8750. You think that the chief dissatisfaction in regard to that is on account of its being a breach of faith?—Yes; its having been imposed after the 30 years' settlement.

8751. You have had good opportunities of seeing the working of the Native Governments, have you not?—Yes, I have; I am at present in the service of a native prince, his Highness the Rao of Kutch.

8752. How came you to be transferred to that service?—My services were lent by the Government of Bombay to his Highness, and I afterwards resigned the Government service, and entered the prince's service.

8753. Are there any advantages in the revenue system of the Native States that you can point out as contrasted with ours, or any changes that you could recommend?—I do not think that there are any advantages in the revenue administration of the Native States. The only advantage that the subjects of a Native State enjoy is, that they are so seldom interfered with, whereas in the British districts there are such frequent changes, and so much legislation.

8754. Do you think that they are more lightly assessed in the Native States?—I do not think that they are more lightly assessed than our cultivators.

8755. Mr. *B. Denison.*] You said something about the absorption of precious metals, and the burying of them; have you any general idea as to what becomes of the enormous amount of silver and precious metals that is imported into India?—It is mostly put in circulation. All our revenue systems at present demand a greater circulation of coin than in former times; our revenue is paid in coin now. Then there are greater means of communication, and payments for railways, and for troops, all require a greater circulation of coin than formerly. Formerly the people used to barter. Within my recollection, in the Southern Maratha country, they used to do so; now they pay money; and, considering the vast requirements of the whole of India, the Native States included, I think that what is held back forms a very little portion of the bullion imported.

8756. Your opinion is, that although there are a great number of rich people in India, the population is so large that the wealth is infinitely distributed, and it is wrong to say that India is a wealthy country?—I think so. There is a great portion of this bullion which is imported that is debt; and debt means so much additional taxation to pay interest upon it.

8757. But because it is a debt, it does not take the coin itself out of circulation?—No; it does not.

8758. You said just now, did you not, that 80 per cent. of the population of the Bombay Presidency was agricultural?—Yes.

8759. And the general tenor of your evidence is unfavourable to the imposition of any tax whatsoever, over and above the land tax upon the agricultural community?—Yes; but besides the land tax, you have other taxes in Bombay. For instance, customs duties; the salt tax; the municipal taxes, in many towns; and the local fund tax.

8760. The local fund is separate; but with regard to direct taxation, you are decidedly opposed in principle, and as a matter of faith, to the imposition of any new direct taxation on the agricultural population over and above the land tax?—I do not think that Government are precluded from imposing any new Imperial taxes of a general character on the agricultural community, but they are precluded from taxing the settled land itself for any purpose whatever.

8761. Then I think you are very strongly opposed in principle to the income tax; you are opposed to it as a tax, and also having regard to the manner in which it is assessed and levied?—I am opposed to the income tax in the Mofussil, because it is an additional burden which the people are not well able to bear, and, of course, its working is very unequal.

8762. Then, on the other hand, you are in favour of the gradual redemption of the land tax by the hereditary possessor of the soil?—Yes.

8763. And at the same time you say, that even if the land tax were redeemed, no substituted tax would be requisite, because the debt might thereby be reduced?—Yes.

8764. But do not you think that every Government of the day, whatever it might be, would form its own estimate of its own necessities, and that it would impose taxation without reference to what had gone before in the way of redemption of the land tax?—Yes; but this redemption of the land tax will lessen your expenditure; there will be a corresponding decrease in the expenditure in the shape of interest. But suppose you do not allow the people to redeem the land tax, and keep your expenses as they are at present, if we require fresh taxation you must impose it in some way or other, that does not affect the question of redeeming or not redeeming the land tax.

8765. You are evidently under the impression that the expenses of Government ought to be fixed and stereotyped, although the population is going on increasing, and the wants of an improved civilisation are increasing annually?—No,

No, I do not see that; you merely decrease the debt so much by paying the price which you receive from the cultivators for their land. I would watch this measure of allowing the cultivator to redeem the land tax with great caution, and do it very gradually, I should say, almost as an experimental measure.

8766. But then the fear is, you see, that if this redemption of the land tax were to take place, it would lead to an impression, on the part of the people, that they were for ever free from all other taxation?—Care should be taken when this measure is introduced to remove any such impression; and then, too, the education which you are giving the natives must have some effect in making them understand things better.

8767. You were strongly recommending the separation of the revenue and judicial functions?—Yes.

8768. Does that apply to the whole of the Bombay Presidency or to the more civilised parts of it?—To the whole of the Bombay Presidency.

8769. You are aware, are you not, that the separation was tried for many years in the Presidency of Bengal?—No, I am not aware of that.

8770. But do not you think that in the wild parts of India, the less civilised parts, there is an advantage in the people of the country having only one officer to apply to, one person in whom authority is centralised, and whom they can understand rather than they should be harassed about from one set of authorities to another?—I do not know why for purely judicial business they should go to the revenue officer at all; but such wild parts as you speak of hardly exist in the Bombay Presidency; I do not think that the various parts of the Presidency differ from each other materially.

8771. A system which might be adapted for some particular parts of the Bombay Presidency might be very unsuited to India generally, might it not?—I am speaking of the Bombay Presidency, and I do not think that there are such wild parts in the Bombay Presidency, with the exception, perhaps, of Punch Mehals in Guzerat.

8772. You have, I think, expressed an opinion adverse to the decentralisation of finance, on the ground that whilst the decentralisation might suit the purpose of the Imperial Government, it would not be for the good of the people?—So far as it goes at present (it might be developed into a better system hereafter) I think it is not a good measure.

8773. Is the opinion which you have given, that on questions of local taxation there are no means of getting at local opinion borne out by the fact in Bombay?—Yes.

8774. Whether for municipal or for any other purposes?—The municipalities in the Bombay Presidency are managed differently from the Revenue Department. In the Revenue Department the English officers have so much to do; and they are so isolated from the general population that they can hardly get at the feelings and opinions of the people generally. The native officials under them would, as a rule, chime in with their superiors' views, rather than offend them.

8775. What, in your opinion, would be the best means of getting at that local opinion, as regards local taxation; have you formed any opinion on the subject?—It is a subject on which I should not like to hazard an opinion now.

8776. You are deliberately of opinion that taxation for education is not justified, in the opinion of the people, as a tax upon the agricultural community?—No; it is not justified; they do not make any difference between local taxation and Imperial taxation; whatever is demanded by Government is to them Imperial.

8777. How, in your opinion, are improvements in civil government to be introduced to keep pace with the probable civilisation of the people; you would put a limit to taxation, and at the same time you would call for improvements in all branches of civil government, I suppose?—I think I have said that there is great room for economy in the first instance; and in the second instance, I would have no improvement in the administration if that improvement was to be purchased at the sacrifice of the comfort of the people, and at the price of their contentment. I think our present judicial administration, in some parts of the country, is too highly improved for the people. For instance, our Criminal Codes and our Stamp Duties Act, which, moreover, are so frequently changed that the people hardly get accustomed to one thing before it is changed for another.

8778. Can you give to the Committee any opinion on the Stamp Act?—No, I have not studied it; I am speaking of the Act itself, I have read it some ten times, and I should hardly be able to say with certainty under what clauses certain documents would come.

8779. In your opinion, has the administration of the Government of the country been stationary, or has it improved, or has it receded, since you have been familiar with the details of the administration?—On the whole, it has improved.

8780. Is more attention given to the wants and wishes of the people, or in what way has the improvement taken place?—I think that more attention is given to the wants and wishes of the people, or rather to what the rulers fancy to be the wants and wishes of the people.

8781. But do not you think that there is a more earnest desire each year *bonâ fide* to ascertain what the opinion of the people is on measures of Government?—So far as I know the desire of officials and those who are interested in the administration, they do wish to consult, as far as possible, the wishes and opinions of the people; but whether practically they actually do it or not is a question.

8782. *Chairman.*] Do you mean by your remark just now, that in so far as the Government is able to ascertain the wants and wishes of the people, they pay attention to them; or do you mean that the Government fancy things to be the wants and wishes of the people which are not so?—Most of the new measures originate with Mofussil authorities; very few originate in the council with the Government themselves; these authorities think that this is required by the people and that that is not required, and accordingly submit their recommendations; that is what I mean.

8783. Do you mean to imply that in your view these recommendations are often inconsistent with the real wishes and wants of the people?—They are not always in accordance with the wishes and wants of the people.

8784. Mr. *B. Denison.*] When a new Act is proposed in the Legislative Council, either Imperial or local, it has long been the practice,

Kazi Shabudin.

30 June 1871.

has it not, to ask the opinions of the local district officers, and the local district officers would again ask the opinion of selected gentlemen like yourself, who have intimate knowledge of the people?—That may be the case now, but when I was in the department I do not think the natives were so systematically consulted.

8785. Have you any acquaintance with the native press in the Bombay Presidency?—Yes.

8786. Is the tone of the native press on the whole favourable or hostile to the Government?—It may appear hostile when it criticises the acts of Government; if you call that hostility, of course there is hostility; but I think that the best friends of Government must criticise their acts, and the native press does it with the best possible intentions. I know several writers in the native press, and you cannot have more loyal subjects than they are.

8787. Although the criticism is pretty sharp, and very often unfavourable, still it is not disloyal criticism?—Not in the least.

8788. Would you say that both of the Hindoo and of the Mahometan press?—We have hardly any Mahometan newspapers worth speaking of on the Bombay side. We have two or three Mahometan papers, but they are all insignificant, and generally do not write about Government.

8789. These native papers do criticise, pretty sharply, proposed legislation?—Yes.

8790. Do not you think that from those native papers the Government, if so minded, may get a very tolerable idea of what is the current opinion?—Yes; but the writers of these native papers are for the most part young men educated in our Presidency colleges, who have lived, generally speaking, in the Presidency town itself; there are very few who are well acquainted with the Mofussil and its administration.

8791. Is there any supervision of the native press in the Bombay Presidency?—So far as I know the Government keep themselves acquainted with what is written in the vernacular papers.

8792. Is there any particular officer whose business it is to keep the Government informed of what is being written in the native press?—I believe there is an officer whose business it is to report to Government on the native press; that is to say, he places before Government English translations of vernacular articles of importance.

8793. Then is it your opinion that the managers or the writers of the native press are young men of inexperience, who have not the best means of forming mature opinions?—It is difficult to give a general answer to the question. I know two or three who are well acquainted with the Mofussil, who have lands in the Mofussil, and are familiar with Mofussil administration; but there are others not so qualified.

8794. Are there not some papers in the Bombay Presidency under the guidance of the English or American Missionaries?—Yes, one or two.

8795. And do not those papers pretty faithfully reflect what is passing in the native mind on subjects of administration, quite apart from religious subjects I mean?—I have not been reading those papers lately, and I cannot say.

8796. Sir *C. Wingfield.*] You were asked some questions just now on the comparative advantages of the British and the native land revenue system. You said, I understand that they are not more lightly assessed in the native States, but that the people are less interfered with?—That is so.

8797. I imagine you mean that the management of their village affairs is left more with them?—Yes.

8798. The village servants are not so much under the orders of the Government as they are in the British territories?—They are not.

8799. They are more essentially village servants?—Yes, they are responsible to the village communities.

8800. And they are not bothered with particular forms and particular modes of keeping their accounts, and fines for neglect of those forms?—No.

8801. You think that all that interference which exists in our territories is distasteful to the people?—Yes, it unsettles their minds; they do not know what may come next, or how often things may be changed.

8802. And has not this been said in favour of the native system of land revenue, that it is more elastic than the British system; that an allowance is made in unfavourable seasons, and that the deficiency is made up in good seasons?—In most of the native states the revenue is collected in kind, and a certain portion, which is called the king's share, is taken from the produce. Under this system, when a field produces nothing, of course nothing is taken.

8803. But the prevalence of payment in kind shows an inferior kind of agriculture and cultivation in the district, does it not?—Not necessarily.

8804. It has been found to be so in India by observation, has it not?—I do not think that that system of collecting revenue interferes with the mode of agriculture so much as with the due realization of the revenue itself. It is very difficult to work it, but I do not think it affects the mode of agriculture.

8805. But in Upper India is it not found to be so; a man has little inducement to grow a valuable crop if he must give up a large portion of that crop; whereas, if he pays a fixed money rent, the more valuable the crop he can raise on it the more money he will make himself?—I think that a fixed money rent is far better than collecting the revenue in kind.

8806. I think what you meant to say just now about the district officers or the British authorities not always recommending those things, that what the people would most wish for was this, that the British authorities take great pains to think for the people, but they are apt to forget to find out what the people think for themselves?—Yes; I believe that they conscientiously strive to do good, but the difficulty is to ascertain exactly what is to be done.

8807. You said that any increased production or increased revenue must come from extended irrigation?—Yes.

8808. And I think you said that irrigation must come from wells; but are not canals practicable in great parts of the Bombay Presidency?—I believe I did not state that it must come from wells alone, but that is the only present mode of irrigating land in the Bombay Presidency.

8809. But canals are practicable, are they not?—I can hardly give an opinion on such a subject, but there are magnificent rivers flowing through Guzerat which are not utilised for irrigation.

8810. What district or province were you referring to when you made that remark; or does it apply generally throughout the Bombay Presidency?—Generally to the whole Presidency, and especially to Guzerat.

8811. Does the water lie deep generally throughout that Presidency?—The depth differs in different Provinces; it is generally pretty deep; excepting near the coast, it is hardly above 35 feet anywhere.

8812. With regard to the redemption of the land revenue, you are probably aware that it was decreed by Lord Canning, but disallowed by Sir Charles Wood?—Yes, I have read the correspondence.

8813. Has not the administration of criminal justice been improved since the introduction of the codes of criminal procedure and the penal code?—Yes, I think so.

8814. That is to say it is more formal, more regular, and more precise?—Yes.

8815. Individual officers cannot now conduct judicial or criminal proceedings in the slovenly lax manner that was not uncommon before?—Yes; in fact it is too formal and too precise for some classes of the people.

8816. But it gives an increased security for careful hearing and inquiry?—Yes; on the whole I think it is a great improvement on the old lax system.

8817. With regard to the income tax, on which you were asked some questions, have you any idea what proportion of the population in your district were assessed for the income tax?—No.

8818. Very small, I suppose?—Very small.

8819. Probably not 5 per cent.?—I can hardly say.

8820. And did you surcharge a large portion of the returns; that is to say, did you charge them above their returns, on higher returns of income than they sent in?—Yes.

8821. So that the practice was general to understate the income?—Well, we took it to be so when we received the returns.

8822. That is to say, you assume, as a matter of course, that nobody would give a true return?—Then there was another reason for our taking it to be understated. Revenue officers were under the impression, to some extent a mistaken one, that the more they collected the smarter they would appear to be in the eyes of their superiors.

8823. You said, I think, that this new scheme of what is called decentralization of finance would have the effect of forcing the local Governments to impose additional taxation?—It has already had that effect.

8824. And, in fact, Sir Seymour Fitzgerald has distinctly stated that it has compelled him to impose novel taxation on the Bombay Presidency?—Yes; and, from his speech, I conclude that he resorted to that measure of additional taxation with great reluctance.

8825. He said, "I must either starve the public services or raise additional money"?—Just so.

8826. And that measure gives no control whatever to the different Governments over their receipts; it merely gives them additional control over a certain allotted portion of the expenditure?—Yes.

8827. You have heard, I suppose, the proposal that has often been made, that the Imperial Government should draw on the local Governments rateably for general charges, such as the army, debt, diplomacy, and home charges, and leave them to spend the rest of the revenue?—Yes; and in my opinion that would be a proper measure.

8828. And it would give the local Governments an inducement to economy?—Yes, it would make them more economical.

8829. It would prevent the revenues of one province being spent on another province?—Yes; but there are some provinces which do not pay their own expenses. In all such cases the other provinces must help them.

8830. The wants of the backward provinces must be an item of Imperial charge?—Yes.

8831. About that education cess, I think you draw a distinction, do you not, between the education cess which was imposed at the time the settlement is being made, that is to say, at the time engagements are being taken by landholders for their land revenue, when they are asked to engage for an education cess in conjunction with the land-cess, and imposing a cess after the settlement has been concluded; in fact, during the currency of the settlement; that is a very material distinction, is it not?—Undoubtedly.

8832. In Bombay, after the settlement had been concluded, they have imposed an additional cess, have they not?—Yes.

8833. And I think that Lord Lawrence and Sir Charles Wood both said with reference to the project, that to put on a cess for education after the settlement had been concluded and engagements taken to pay a certain sum for a certain term of years, would be regarded by the people as a breach of faith?—I am not aware of that opinion; but the ryots do regard it as a breach of faith, certainly.

8834. When the education cess is proposed before the engagements for a term of years is taken, the people generally have not been found to object to it, have they?—No.

8835. Practically, do you think that it is an absolute addition to the assessment, or that it is partially taken out of the assessment?—It is an addition to the assessment.

8836. Do you think that in the way in which it is imposed it is an absolute addition?—Yes, it is taken from the ryots; under the ryotwaree system the cultivator pays so much more to Government.

8837. Do you know that in Upper India that is not quite the case; the assessments and cesses are taken in a lump sum, and then that lump sum is liable to be cut down afterwards if it is thought to be too large a demand; so that a sort of higgling of the market goes on as to the gross sum to be demanded, and in that way part of the cess may come upon the Government, and the people do not feel it so much?—No; but in the Bombay Presidency every cultivator pays his own local fund as regularly as his assessment.

8838. But the great objection which the people entertain is to being asked to pay additional cesses on land after engagements have been concluded with them, that for a certain term of years such a sum and no more shall be taken?—Yes; and not only do the people understand that to be the condition, but I find that Sir George Wingate himself, who principally introduced the revenue settlement into the Bombay Presidency, has stated in an official letter that nothing whatever beyond this assessment would be levied from cultivators during the 30 years. The letter is in a Parliamentary Blue Book.

8839. But you are not opposed, on principle, to an Imperial tax of a general nature that is laid on owners of land in common with all other

Kazi Shabudin.

30 June 1871.

classes of the population?—Not if it is a general tax, such as the income tax.

8840. You may object to it as a bad mode of taxation, but, on principle, you do not object to it because it is levied on all classes of the population alike, and not on the land especially?—Yes, it would be objectionable if it were especially levied on the land.

8841. Mr. *Fawcett.*] I understand you to say, that you have held an official position both under the British Government in India and also in a native State?—Yes.

8842. Then you are so intimately acquainted with the revenue systems under British rule and Native rule that you can make a comparison between them?—I shall be happy to give such information as I possess.

8843. You have said, in reference to the revenue system in the native State to which you referred, that the land revenue is levied in a form well suited to the habits of the people, being levied in kind?—I do not think I stated that, but I stated a fact, namely, that the revenue in most native States is collected in kind.

8844. And do the people like this plan of levying it; is it more popular with the people than the other plan?—I think it depends upon what share is taken; it is not so much how it is taken, but what share is left to the cultivator, and what share is taken by the Government.

8845. Is the land assessment in the native States heavier on the average than it is in the British territories?—I believe generally it is.

8846. With regard to other taxes, are they as heavy in the native States?—I think they are.

8847. Is the salt tax, for instance?—I do not think there is any salt tax in any native State that I am acquainted with.

8848. Then do they use British salt, or have they salt of their own?—In some States they have salt of their own, and in some they use British salt.

8849. Considering that salt is enormously taxed in the British States, and that in many of the native States you say it is not taxed at all, what other taxes are imposed in the native States?—There are the customs' duties.

8850. Are those heavier in the native States?—I think they are heavier in the native States; and then there are shop taxes, and again transit duties; these latter are being gradually abolished now; and there are other small taxes on the land and property.

8851. So that taking the aggregate of taxation in the native States, would you say that it is higher or lower than in the British States?—I do not think that I can give any opinion on that point.

8852. *Chairman.*] You know what an octroi duty is in France; that is to say, a duty levied upon articles of consumption coming into towns?—Yes, we have that in Bombay.

8853. Do you know whether it is still the practice in the native States to levy such a duty on nearly all articles of consumption coming into towns, and especially walled towns?—It is.

8854. Mr. *Fawcett.*] Viewing the whole amount taken from the people, you would rather not give an opinion as to whether it is greater in the native States?—I would rather not; my impression is that in the native States it is heavier; but that is only an impression.

8855. I suppose you have seen the very contrary stated, and have heard it said that the taxation is much higher in the British States than in the native States?—I have.

8856. But, on the whole, you are not prepared to give any very confident opinion on the point?—No; I am only acquainted with some of the native States in the Bombay Presidency, and I do not know the state of things in Rajpootana or other parts of India.

8857. You have, as I gather, heard a great deal of discontent expressed with the taxation that is imposed, and the revenue that is levied in the British states; I suppose that a great part of that discontent arises not so much from the amount of taxation as from the mode in which it is levied, and the constant changes?—I think the amount of taxation is one of the causes of discontent.

8858. And the mode in which it is levied, and the frequent changes to which you have referred, are another cause of discontent?—Yes; frequent changes always tending to increase taxation.

8859. So that the people are heavily taxed, and the taxation is imposed in a form not agreeable to them?—Yes.

8860. Are the people more consulted in the Native States as to the taxation that is imposed upon them than they are in the British States?—All Native States have almost all their officials drawn from the people; these officials are born there; live among the people, and know exactly what the people say, and what they feel, and that is the best source of information that the Durbars could have.

8861. Sir Donald M'Leod, whose name is, of course, perfectly familiar to you, has expressed an opinion that there is little mutual understanding between the British Government and the natives, from the fact that they are not consulted; whereas he says in the Native States the people, to a great extent, govern themselves; in fact, that their village communities may be regarded as Republican institutions to a great extent; do you agree in that?—Yes, to a certain extent.

8862. I suppose you think that great good would result from taking the natives more into our confidence?—I think so; I do not think that there is any measure that would tend to satisfy the people, and facilitate legislation so much as consulting the people themselves on great measures.

8863. I think I understood you to say that you are not prepared with any plan for arriving at this increased consultation of the people?—I would rather not hazard any opinion on the subject at present.

8864. But you have no doubt as to its necessity and importance?—No doubt at all; on the contrary, I am perfectly convinced that a measure with that object would be the best that could be adopted.

8865. I understand from a previous witness (I do not know whether you share the same opinion) that the Legislative Council has no function with regard to the revenue?—They pass all enactments which are required by the Revenue Department for the collection of revenue, and the management of the revenue system.

8866. But we were informed by a previous witness, and I wanted you, if you could, to express an opinion on the point, and to corroborate his statement or otherwise, that, for instance, when Sir Charles Wood, in 1862, sent out an order which, under certain circumstances, would have introduced

introduced the permanent settlement, the Legislative Council in Calcutta had no power to cancel that order?—The Legislative Council certainly have no such power, so far as I know.

8867. And the only way in which there is any native representation at all is, that on the Legislative Council there may be two or three native gentlemen?—Yes, that is the only representation of the natives, and I do not think that it is at all a satisfactory representation of the people.

8868. So that any measure vitally affecting a question of revenue may be sent out from England, and even the Council on which the natives have a very inadequate representation has no power of cancelling it?—So far as I know they have no such power.

8869. You have referred to the people of India being annoyed and worried by constant changes, have you not?—These constant changes, I think do unsettle their minds and puzzle them.

8870. So that they would be better pleased, you think, even if they had not quite such perfect laws, if they were allowed to have more rest and repose?—I think so, as respects the masses.

8871. In fact, what your opinion would lead to is this, is it not, that the Government of India very often produces discontent amongst the masses, because it has so much the character of an inelastic centralisation?—I think so.

8872. You consider the mass of the people of India, as I gather from your answers, as being, when you have regard to their means, very heavily taxed?—Yes; when we consider their means, I think that they are heavily taxed.

8873. Suppose it was required, for instance, to raise 5,000,000 *l.* of additional revenue, could you suggest any means of doing that which would not produce a great deal of discontent among the people of India?—If it were absolutely necessary I would resort to indirect taxation.

8874. Then, do you think that you could raise any large sum like 5,000,000 *l.*, by any indirect taxation, without seriously impeding trade, or seriously affecting the comforts of the people?—It would have the effect, to a certain extent, of impeding trade, but that would be better than creating general discontent among the people.

8875. Are you aware that if the necessities of the Government go on increasing, or rather if their expenditure goes on increasing as it has within the last few years, in the course of a very few years, considerably more than 5,000,000 *l.* of additional revenue will be required?—All that will depend upon what policy Government pursue with regard to their finances.

8876. But if they pursue in the future the policy which they have pursued during the last 12 years, considerably more than 5,000,000 *l.* of additional revenue will be required will it not?—Yes, that is obvious.

8877. You refefred to the very great discontent produced by the proposed education cess levied upon land, and you have expressed an opinion, have you not, that the people would consider it a direct breach of faith?—I do not think I said that there was any great discontent; but I certainly said that they do consider it as a breach of faith.

8878. Both in the case of the permanent settlement and in the case of the 30 years' settlement?—I am not speaking of the Bengal cess at all; I am speaking of the educational and local improvement cess which has been introduced in Bombay; and wherever this cess has been introduced after the settlement of the land revenue for 30 years, the ryots consider it a breach of faith.

8879. But if they consider the levying of an education cess a breach of faith in the case of a settlement of 30 years, there is even greater reason why they should consider it a breach of faith if levied after a permanent settlement, is there not?—Yes, if the character of that permanent settlement admitted of any such tax being considered a breach of faith; it would depend upon the terms of the settlement.

8880. But I suppose if this education cess were levied upon lands which have been settled for 30 years, people would feel no security whatever, but that other cesses might be levied, and so, in the end, a very serious addition might be made to the land revenue which they would have to pay?—Yes, that would be the consequence.

8881. It destroys all feeling of confidence in the security of their tenure—Yes.

8882. If the argument is put that education is essential to the people, and it is necessary to obtain money to provide for it, the tenor of your evidence would lead to this conclusion, would it not, that all the requisite money for education might be obtained by increased economy in the present expenditure?—Yes.

8883. You have expressed an opinion that it would be advisable to redeem the land tax, have you not?—Yes.

8884. You base that opinion chiefly, do you not, on the fact that the redemption of the land tax would save the annual cost of collecting it?—That is one argument in its favour (it must be understood that all my answers apply to the Bombay Presidency); but there would be other advantages, such as the obvious advantage of cultivators possessing these lands as their own, and making any improvements they like, and investing largely in the land, without apprehending that the next settlement would absorb the result of their investments; they would be more prudent, I think, more frugal, and more like thinking citizens, than tenants-at-will; I do not mean that they are at present entirely tenants-at-will, but they have no feeling of security.

8885. But redeeming the land tax is exactly the same thing, is it not, as permanently settling the land and capitalising the annual assessment?—Yes.

8886. But then, have we not seen from the past, with regard to the permanent settlement of Bengal, that the Government, by adopting a permanent settlement, sacrifices an enormous amount of revenue which might be used, if it had not been sacrificed, for the general good of the community?—But if proper precautions were taken, I do not see why they should sacrifice any probable increase from land revenue.

8887. But, for instance, with regard to the first permanent settlement, the settlement in 1793, if you had adopted a permanent settlement at all, by what possible precautions could you have secured the Government against a future loss of revenue?—Speaking of the redemption of the land tax in Bombay, I would in the first place take into consideration what possible increase could be expected at the next revision from all circumstances; I would take prices into consideration; and then I would also take into consideration the rate of interest which we are paying on our debt, what possibility there was of a reduction in that rate, and of course arrange the price of the land accordingly.

Kazi Shabudin.

30 June 1871.

8888. But is it possible for any statesman, however prudent he may be, to foresee all the circumstances which may affect the value of land during the future?—But when there is any great good to be gained from any measure, we are only to take probabilities into consideration; we cannot foresee with certainty all contingencies.

8889. But, for instance, I have seen it stated, and I believe that it has been stated by the best authorities, that if Bengal could be at the present moment re-assessed, the Government could obtain between three and four times as much revenue as they now obtain under the permanent settlement. That being the case, do you think that it would have been possible for any statesman in 1793 to have foreseen the causes which have increased the value of the land by 300 per cent.?—I have not studied this permanent settlement question so closely as to be able to give an opinion.

8890. Mr. *J. B. Smith.*] You recommend the permanent settlement in Bombay, though you have not studied it, in fact?—It is not exactly the permanent settlement of Bengal that I recommend. I do not know whether these precautions which I suggest were adopted in the permanent settlement of Bengal; that is a question which requires careful study; but what I mean is this, that if all these precautions were adopted in Bombay, I do not think any loss of revenue would result from the people being allowed to redeem the land-tax.

8891. Mr. *Fawcett.*] But I will put one case to you which will show that it is impossible to foresee causes affecting the value of land; you have referred to the great increase in prices which has taken place in India during the last 15 years; that increase in prices has been estimated as at least 50 per cent., has it not?—Yes.

8892. If you had a permanent settlement or redemption of the land-tax (which comes to the same thing), the amount for which it is redeemed would be reduced in value virtually by 50 per cent., owing to this increase in prices, would it not?—Yes; but this increase was owing entirely to exceptional circumstances. The causes of the increase were not ordinary; I should only take ordinary causes of increase of prices into consideration.

8893. But when you say that it is owing to exceptional circumstances, the Government, when entering into a permanent arrangement like that, ought to consider whether these circumstances that you describe as exceptional may not possibly recur?—There may be also exceptional circumstances which may decrease prices instead of increasing them; there are probabilities on both sides.

8894. But arguing by analogy, prices have shown a constant and steady tendency to increase, have they not?—I have been looking into this question of prices. I have not the figures here, because I have not completed the reading of some of the Government selections, but I find that prices before 1820 in the Bombay Presidency were very high; but after 1820 they went down till 1838 and 1840, more than 50 per cent., in some instances 100 per cent., and they are now rising; thus, these fluctuations we cannot foresee; they may be favourable or unfavourable; we can only take ordinary probabilities into consideration, and not exceptional causes.

8895. But still during the last few years all the circumstances have shown that prices are likely to increase, and have increased, have they not?—Yes.

8896. And if prices do increase, the permanent settlement or redemption of the land-tax must be exceedingly undesirable?—Yes; but there must be a limit to the increase.

8897. No; because, supposing you take silver as the standard of value in India, there is no physical reason, is there, why silver, supposing very rich mines were discovered, might not become as cheap as copper?—No.

8898. At any rate, any day, owing to the discovery of very rich deposits of silver, or owing to improvements in the mode of working silver mines, or the mode of extracting it from the ore, you might find the value of silver, suddenly almost, greatly reduced?—Yes; but taking all those circumstances into consideration, I do not think that Government would be precluded from imposing any general Imperial taxation on those who might have redeemed their land-tax; their wealth or accumulation could be reached in that way, whenever there was a necessity for additional taxation.

8899. But what your opinion rather seems to lead to is this: that if the people who have redeemed the land-tax made an extremely good bargain by its redemption, then the Government would have a moral claim to impose additional taxation upon these particular people who benefit by it?—As to good bargains, I think it is the Government who ought to make good bargains, and not the people. If they got 30 or 35 years' purchase for their land, I think that would be a very good bargain.

8900. But when you find the Government agreeing to accept for ever a certain annual charge for the land of Bengal, and when you find that if they had not entered into that permanent arrangement they would be able now to obtain three or four times as much, you cannot say that the Government has made a good bargain?—No, not in those circumstances; in fact, as to the permanent settlement in Bengal, I can hardly say anything.

8901. I will put another point: the only justification for our rule in India is, that we should do something for the progress of that country, is it not?—Yes.

8902. If we continue in India, we must feel some confidence that during the next years there will be general progress in the material condition of the country?—Yes.

8903. If there is general progress in the material condition of the country, does it not inevitably follow, almost as a law of nature, that the value of the land must increase?—Yes; but Government must take that into consideration before it parts with the land.

8904. But have you got any scheme by which you think it would be possible to take all those considerations into account?—I can generally say that those cultivators (I mean not merchants or speculators, but peasants who actually cultivate their lands) who are in good circumstances, and who, without borrowing, can afford to redeem their land-tax, ought to be allowed to redeem it for such a number of years' purchase as would cover all these possible increases, or the probable decrease in the rate of interest that we are paying now.

8905. But I understand that through the greater part of the Bombay Presidency the per-

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sons who pay the land revenue are not the actual cultivators and labourers, are they?—Most of them are.

8906. Do they not very often rent under other people?—Very few, comparatively.

8907. There are not many agricultural labourers, then?—I mean all those who hold lands from Government do actually cultivate them.

8908. But then they employ labourers under them, do they not?—Yes.

8909. You say that 80 per cent. of the whole population of Bombay are engaged in the cultivation of land; out of that 80 per cent., how many are direct payers of land revenue to the Government?—I can hardly give you an estimate, but the great majority are.

8910. *Mr. Beach.*] I understand that you think that the improvements in India have been conducted on rather too extensive a scale, because sometime ago you stated that you objected to improvements purchased at the expense of the comfort of the people, and you alluded to the general works in India?—I think the question was whether, if improvement in the civil government were required, I would not advocate additional taxation; and I think I said that if the people were not able to bear additional taxation, I would rather dispense with these improvements than impose additional taxation which would interfere with the comfort of the people, and cause general discontent.

8911. Some of these improvements have been actually necessary, have they not?—Yes.

8912. For instance, works of irrigation have been of the greatest public benefit, have they not?—Yes, in the few localities where they have been carried out.

8913. And railways, I suppose, contribute very much to the comfort of the people?—Yes; they are very costly according to my opinion.

8914. But still you would say that of the present day they are absolutely necessary, would you not?—Yes.

8915. Still you think that we have conducted these improvements in rather too expensive a manner?—That is my impression.

8915*. That we ought only to effect these improvements when we can afford them?—There are some improvements, such as irrigation, which the current revenue may not be able to afford, but which are necessary, and must be introduced with borrowed money that could be eventually paid off.

8916. There is always a tendency to incur a debt in a country, and it is very seldom that it is ever paid off, is it not?—Yes; but then you will be able to save interest from the additional revenue which you will derive from these improvements; and in addition to that you will be able to save many lives which are now lost from famines.

8917. But still these improvements do not more than pay their own expenses in their conduct, do they?—I can hardly enter into details, because I am not acquainted with the departmental working of those works.

8918. But admitting that these improvements confer a great public benefit on the country, from what source would the Government reap the benefit of the increased comfort and prosperity of the people?—Irrigation, if successful, will yield an increased land revenue; if Government provides water it can fairly charge for that water.

8919. The land revenue is nearly the only source which would provide to the Government a source of increased revenue?—In the case of irrigation it is no more than what you pay here for water; you may call it land revenue because it is exclusively applied to the cultivation of land, but it is just similar to what you pay for anything else.

8920. Still the land revenue is the chief source to which the Government may look for increased revenue; it is the chief test of the improvement of the country, is it not?—Yes; this increase must be looked for simultaneously with the increase of produce per acre from the land.

8921. Of course if the redemption of the land tax were to take place there could be no increase from that source?—But this redemption would not be at the present rate of taxation on the land. In allowing the people to redeem the land tax we must cover all probable increase, not only from increase in prices, but also from other circumstances; perhaps we shall have to pay a lower rate of interest hereafter than we do now, and that ought to be taken into consideration too. I am speaking of the redemption of the land tax as almost an experimental measure to be introduced most cautiously and carefully, not as a general sweeping measure.

8922. Supposing that the project for the total redemption of the land tax were not entertained, would the next best project, in your opinion, be a 30 years' lease?—I think so.

8923. With regard to the income tax, does that generally fall on a section of the people who would not otherwise contribute largely to the revenue in the way of land tax, say?—It does not fall on the masses, the general cultivators, but falls on those who derive a profit from other sources than land. In the Bombay Presidency it was put even on the land produce when it was manufactured into something else: for instance, sugar-cane, so long as it remained sugar-cane, paid no additional tax; but the moment that it was converted into molasses it paid the income tax; and in this manner cultivators of sugar-cane and, I think, also of tobacco, were brought under that tax.

8924. I suppose it falls a great deal upon the inhabitants of towns?—Yes.

8925. Sir *S. Northcote.*] You spoke rather strongly just now upon the costliness of the railways; did you mean to imply that the railways were unnecessarily costly; that more had been spent upon them than should have been spent?—Yes. I have travelled on these railways, and lived in their neighbourhood, and gathered my information from those actually engaged on the works; and I think that their construction has been more costly than it ought to have been, and that their management also is costly.

8926. With regard to their construction, do you mean that more has been spent in works than is necessary in general, or that the works have been badly done, and have had to be done again?—I meant that the works were badly done, and had to be done again.

8927. To what do you attribute that?—I cannot attribute it to any other cause than that which I have mentioned, laxity of management.

8928. Do you think that it is a good system that the Government should guarantee these railways, and that their construction should be left to private companies?—If private companies would

Kazi Shabudin.

30 June 1871.

would not construct these railways without the guarantee, the Government have no other alternative but to guarantee them; but the effect of this guarantee is that nobody pays that degree of attention to the construction of railways, which otherwise the shareholders and the directors would pay.

8929. You say that the Government have no other alternative; of course there is another alternative, namely, that Government might construct them themselves?—Yes, that is what they are doing now.

8930. I wanted to get your opinion as to which is the better system?—I can hardly give an opinion on that point.

8931. I think I understand that you advocate the principle of a permanent settlement of the land revenue?—The phrase "permanent settlement," as I understand from what has taken place in Bengal, hardly describes what I mean. I advocate allowing those ryots or peasants who cultivate their own land, under certain conditions and with proper precautions, to redeem their land tax on terms favourable to Government, such as will cover any probable increase resulting from prices and other causes.

8932. You would confine that privilege to the ryots?—Exclusively to the ryots.

8933. Then for the purpose of a redemption of the land tax you must of course make the rate of the land tax constant and fixed?—It becomes fixed.

8934. That having once been done, I want to know from what other sources you think that money should be derived for the purpose of works and improvements that are necessary?—The money which would be obtained by the redemption of the land tax would be capitalised, and it would lessen the expenditure by the debt being paid off.

8935. No doubt it would lessen the expenditure, but at the same time a source of revenue would be cut off, and I presume that the interest of the money so obtained would go either to the extinction of the charge of debt or to the maintenance of the common service of the State?—But I think that the extinction of the debt ought to be kept in view; the effect will be that you will extinguish a source of income and a corresponding source of expenditure. If any additional taxation be now required, you will have to provide for it somehow; in the same way, after the extinction of this source of income you would have to adopt the same measure to do what might be advisable under the circumstances.

8936. But what I mean to put is this: supposing that the land tax has been redeemed, and supposing that an equilibrium has been established between revenue and expenditure, and supposing that further works of improvement are desired, I want to know in what way those works of improvement are to be paid for. You suggested just now the possibility of paying for them by borrowed money; I want to know how the interest on that borrowed money is to be raised?—I do not see any difference between what should be done now when there is no redemption of land tax allowed, and what might be done hereafter if a redemption of land tax was allowed; if you require any additional money now you resort to some measure or other in addition to the land tax which you have.

8937. But what I understood you to say just now in answer to a question put to you was, that the improvement of land by irrigation, for instance, would produce an improvement in the land revenue, and that that would repay the expenditure; but if the land revenue has been redeemed, there would be then no improvement in the revenue from the irrigation?—I do not see why a water rate should not be charged by Government if water is provided by Government.

8938. You would have a water cess then?—Yes.

8939. Would you have in the case of other improvements the same principle applied, and have special cesses levied in order to meet the charge of those improvements?—That is too general a question for me to answer.

8940. Take the case of making roads, would you have a road cess to pay for the expense of making roads; I understand that if the land revenue system is continued, the making of the roads through any district might improve that district, and so improve the land revenue; but if the land revenue has been redeemed, that would not take place?—The redemption of the land tax would not preclude Government from imposing general taxation of an imperial nature upon the land specially it would, but not from levying any general taxes, income tax, or customs duties, or any such taxation.

8941. Do you think that it would be desirable that such works of improvement as irrigation, or the making of roads, should be paid for by customs' duties?—I am mentioning the nature of the Imperial taxes that occurred to me; but I do not think that such improvements are a proper charge on customs' duties.

8942. An income tax might be levied, you think?—Yes.

8943. Are you an advocate for the income-tax?—I think it is a very equitable tax, but in India I think it operates very unequally.

8944. I mean, do you think that it is a tax to which we should look as the one which is to make up for the loss which we should sustain in land revenue by the redemption of the land revenue?—You are speaking of "loss," which I do not see; we do not sustain any loss by the redemption of land revenue.

8945. Suppose at the present time that a particular district is producing land revenue to the amount of 10,000 rupees a year, what is your idea as to the redemption of that land tax?—I would allow such of the cultivators as were able to redeem their land revenue to redeem it at 35 years, and by that means you will be able to pay off a portion of your debt, which now averages, I think, 20 years' purchase, and you will have 15 years' purchase money as the result of a good bargain.

8946. Then you have got a certain sum of money, and have given up a revenue of 10,000 rupees a year?—Yes.

8947. Now, then, suppose that works are undertaken in this district which improve the value of the land to, we will say, double that amount, works of irrigation, roads and so on, so that if the redemption had not taken place, you would, at the next revision of the settlement, have raised the revenue to 20,000 rupees, you have not the means of doing that?—Not after redemption, of course.

8948. These works have been executed at a certain expense; how is that expense to be met?—With regard to irrigation, I think that those who

who derive benefit from those irrigation works ought to pay for it.

8949. By a cess?—Yes.

8950. With regard to roads, how would they be paid for?—There may be local taxation.

8951. You would have a local cess for the purpose?—Yes.

8952. And you think that that would not be complained of?—If that were the understanding with those who might redeem their land tax, it need not be complained of.

8953. Then they would be subject to any local cess that might be thought proper by the Government?—Yes.

8954. Would you apply that to the case of education; supposing it were desirable to build schools in this district, would you think it equitable, after the redemption of the land tax, to levy an education cess?—Yes.

8955. And for an increase of the police?—Yes.

8956. Therefore the land would be subject to such taxes for such purposes as appear to be of a local character as the Government might think fit?—Yes; but all those who do not hold land would also come under those taxes.

8957. Would you prefer to leave these questions to the Presidency Government, or in the hands of the Government of India?—I would certainly leave them to the Presidency Government, with the consent of the people, as far as practicable.

8958. You would have some representation?—Some means of knowing the wishes of the people.

8959. The people of the Presidency generally, or of the districts assessed?—The people in the different provinces; I would consult the Guzerat people for Guzerat, and the Deccan people for the Deccan.

8960. Mr. *J. B. Smith.*] You have expressed very strong opinions in favour of redeeming the land-tax, giving the owners of land the opportunity, if they think proper, of redeeming it?—Yes.

8961. Have you any specific plan for carrying that scheme into effect?—I may state, generally, that in those districts which have been lately settled, and under the most favourable circumstances, so far as prices are concerned, and which have established means of communication with the best markets in the Presidency, such people as are in good circumstances, who cultivate their own lands, and who are by birth cultivators, ought to be allowed to redeem their land-tax.

8962. And what is the specific plan that you have for carrying that into effect; on what principle is it to be done, according to your notions?—It will depend on the locality; you would give them the option of redeeming the land-tax in some districts at 25 years' purchase, and in some at 30 or 35, even.

8963. We will suppose that the people in the whole Presidency of Bombay avail themselves of the power of redeeming their land-tax; what would you do with the money?—I would not give that power to the whole agricultural population. In the first place, they have not their own capital to redeem their land-tax with; and if that general permission were given, they would take to borrowing, which would be injurious. I would only allow a few at a time, under certain circumstances, to redeem their land-tax.

8964. What portion of the people would you allow to redeem their land-tax?—I can hardly say.

8965. Is there any particular class that you would allow to do it?—Yes; the actual cultivators, called Koonbees, who are the hereditary cultivators, and are much attached to the soil.

8966. You would allow them to redeem their land-tax, but not other persons?—There are not many owners of land in Bombay. The Inamdars do not pay any land revenue to Government; they pay an Inam quit rent, but they hold their land on fee simple.

8967. There would be a large sum of money raised by the redemption of this tax; what would you do with the money?—I do not think that any very considerable sum would be raised; but such as might be raised I would apply to paying off the debt.

8968. It would all be raised ultimately?—Very gradually; Government could stop it at any time.

8969. And you would pay off the debt with it?—Yes.

8970. Then you have been asked some questions as to what you would do, supposing it was necessary to impose taxes for education or for making roads, or for the increased expenses of the Government; you are aware that, as civilisation advances, Government becomes more expensive everywhere?—Yes.

8971. How would you meet those expenses?—I advocate this redemption of the land-tax as a means of increasing the production of the land. Increasing the production of the land means the ability of the people to pay more taxes; I do not advocate it on any other principle.

8972. But in what way are they to raise the revenue for these purposes; the Government having parted with the land, derive after that only a fixed benefit from it; they will derive no benefit from any improvement in the value of the land; how are they to meet the necessary expenses?—But the expenses will not remain so high as at present; they will decrease in proportion to the diminution of the land-tax; and in allowing the cultivators to redeem their land-tax you will take all these possible causes of increase in the land revenue into consideration.

8973. In what way will the expenses be diminished?—You will not have to pay so much interest on the debt.

8974. Then the Government would be in this position, that instead of receiving rent from the land they would receive the interest from the money which was paid for the redemption of the tax?—Yes, that would be saved.

8975. Supposing that were insufficient to meet the expenses of Government, what would you do then?—If the sources of revenue were insufficient, under the system which I advocate, to meet the requirements of Government, the same measures should be adopted as would be adopted now if they were found insufficient.

8976. What measure do you allude to?—A general increase of taxation.

8977. Did you not state that you were opposed to any increase of taxation, and, in fact, you said that you would not even educate the people or improve them if it necessitated taxation?—The question put to me was, if any taxation for the improvement of the civil government of the country was necessary, what I would suggest;

Kazi Shabudin.

30 June 1871.

and I said that if the people were unable to bear any additional taxation, I would rather not have those improvements in the civil government of the country than purchase them at the cost of the comfort of the people and at the risk of discontent among them; but as to any particular improvement, such as education, I am far from being opposed to it. Education is one of the best means of improving the wealth of the country, I think.

8978. I think you stated that the taxes were burthensome; what taxes are they that you consider burthensome?—I believe I said that, considering the income of the people, the taxes are heavy enough.

8979. What are the particular taxes that you referred to?—All the taxes put together; the land-tax, the salt-tax, the Customs duties; all the principal taxes, and all the local ones in the provinces.

8980. Do you think the land-tax a burthen?—It is not a burthen in itself; but all these put together are as much as the people can at present pay.

8981. But do you mix up the land-tax with taxes which are raised in other ways?—The land-tax is a portion of what the people pay.

8982. But do you consider it a burthen upon the people?—I mean to say that what they have to pay, all put together, is heavy enough for them at present. The land-tax in the Bombay Presidency is not very high in itself; but considering the produce per acre it is high enough, and any addition to it would be a burthen.

8983. When we are speaking of other taxes, what are the other taxes you consider as burthens?—All these taxes put together.

8984. Will you point them out?—The word "burthensome" is not what I would adopt; they are heavy enough, I would say.

8985. What do you think of the salt-tax?—I think that to a man who lives on 2 or 3 rupees a month the salt-tax is burthen enough.

8986. When you talk of 2 rupees a month, do you mean to say that that is the average wages of the people in Bombay?—In the Bombay Presidency the average income of the people is higher; you may take it to be 80 *s.* or 90 *s.* a year per head, but this is very unequally distributed; one man lives in great magnificence and another in poverty.

8987. Is not that the case everywhere?—It is; but there the masses live on a scanty subsistence.

8988. You cannot point out any particular taxes which are a great grievance?—No; I do not think any taxes taken singly are particularly heavy.

8989. Now is it not the fact, that in all ages the land has always been the resource of the Government for revenue in India?—Yes.

8990. Is it not the fact that the land ought to belong to the people of India, and not to any individuals; that the Government are merely the trustees for the people, and are the owners of the land as trustees for the people, for the purpose of paying the expenses of the governed, and that therefore it is for the benefit of the people that they hold it?—Yes.

8991. Under those circumstances, do not you think that if they have proper regard for the people, it is their duty to make the most they can of that land?—That will depend upon their requirements; they should regulate their taxes on land and on industries according to their requirements; they should distribute them equally, and not tax land to the utmost possible extent, and let others off without taxing them.

8992. Is anything like that done; land being taxed to the utmost extent and others let off?—I am giving a general answer to a general question.

8993. But if you have opinions of this kind, that great injustice is done in one case and not in another, you should point out the instances?—But the question was whether the Government ought not to take the utmost they can from the land; I do not think that they should do so.

8994. You are aware that the native Government used to do that?—Yes, in many cases; I have often heard here the British Government compared with native Governments, but I think it is very wrong to do so. Supposing that native Governments were oppressive, that is no justification for the British Government to be so.

8995. But if you make a charge against the present Government, it is only fair to compare the Government with those of the native states?—Well, it would be fair to do so, there is no doubt, if anybody said that we were better off under native Governments than we are under the British Government.

8996. We have the land assessed in Bombay at a 30 years' assessment?—Yes.

8997. Do you consider that a high assessment?—I have stated that the rates of assessment are not high.

8998. Then having let the land at a 30 years' assessment, if prices rise in the next 30 years, the Government have the advantage of an increased rental?—Yes, after the expiration of that term.

8999. And that increased rental is also for the benefit of the people, because it enables the Government to meet such increased expenditure as the necessities of the times call for, does it not?—Yes.

9000. Now, in the re-assessment of the land after the 30 years' settlement, is it assessed for improvements that are made on the land; supposing that you erect any buildings, for instance?—No; it is not to be assessed for any improvements made by the cultivator out of his own capital, or by his own industry.

9001. Then, in fact, if, when the land is re-assessed, no charge is made for improvements, is it not just as valuable to the owner of the land as if he had it himself, and it was his own?—Yes; but I must say that the cultivators generally have no confidence as to what may take place.

9002. That is not the fault of the Government, is it?—I do not think it is greatly the fault of the cultivators either, because Government have been making changes frequently, and introducing measures calculated to create distrust.

9003. What changes have they introduced about the land-tax?—There have been several changes; first of all there has been this one anna additional cess for education after the 30 years' settlement; this has upset their minds, and it is regarded as a breach of faith; because at the time of the last settlement on the part of the cultivators, so far as I know their feelings, it was understood that nothing further on any account whatever would be charged than the rates then imposed. Then the Nurwa villages are managed differently from what they were, and improvements made by the holders of Nurwa have been assessed. These and other changes of the country administration, such as those relating to Inam lands, or lands held in fee simple, have shaken

shaken their confidence; they do not know what they may expect at the next revision.

9004. Then you lay it down as a principle, that after the Government have made the assessment, they have no right to levy any further taxes?—Unless it was clearly made a condition when the assessment was being fixed.

9005. Now, supposing that the Government carry a railroad through a district, does not that improve the value of the land?—Certainly.

9006. Do you think that the people who derive that benefit ought not to be charged something for it?—Yes; they must pay for all benefits that they have.

9007. Do you think that Government are justified in borrowing money, and entering into engagements for making roads, and opening out rivers and irrigation, all of which would involve large expenditure and large responsibility, without having a claim upon the owners of land which will be benefited by these improvements; do you think that they would be justified in doing that without having the power to tax them for it if necessary?—Nothing that I have said shows that I wish to take that power from the Government at all; they have the power of taxing the people generally for all the requirements of the Administration. If by the system I have advocated, should there be any accumulation of capital, that would be as much liable to taxation as the land at present is.

9008. You have been complaining that the Government exercises its power of taxing people for the necessary wants of the Government, and for the improvements which you say they are not justified in making?—Certainly Government cannot tax improvements after fixed settlements, involving a promise that such improvements would not be taxed. If they taxed them, I should regard it as a violation of faith. But as the general power of taxation belongs to Government, and always will belong to Government, what I have said implies only a difference in the mode of taxation. Now, you derive a certain tax from land; you let the cultivator of that land redeem that tax, and improve his land without any fear of his improvement being taxed, and you can reach him by some other way.

9009. When a man is assessed on a 30 years' assessment, till that term has expired, he has no fear that he will have his rent raised?—This one anna education cess has been introduced during the currency of this 30 years' settlement.

9010. You object to that?—I do not object to it; I think the people are well able to pay it; it is a small addition to what they had settled to pay; but it has been introduced against the understanding, so far as the people are concerned, that no such addition would be made to the assessment.

9011. Are you of opinion that the people ought not to be educated?—I am not of that opinion; I am decidedly of the contrary opinion.

9012. Then, if the people ought to be educated, how can you oppose the Government raising the means of doing it?—I am not saying that Government ought not to raise money for educating the people; it is the mode of raising it that I object to.

9013. What mode do you suggest, then?—This education cess, as I have stated, has been introduced after the 30 years' settlement had been made with the people; consequently, it is regarded by those who are affected by it as a breach of faith; that is all that I say about it.

9014. Do you consider that it is a breach of faith?—I do certainly consider it a breach of faith.

9015. Then, if the Government cannot educate the people without raising this anna, you would allow the people to remain in ignorance?—I would rather that the Government should get out of the difficulty by some other means than by committing a breach of faith.

9016. What other means would you suggest?—I am not prepared to suggest other means than reduction of expenditure, besides the means I have already alluded to of increasing the produce of the country, such as irrigation, roads, &c.

9017. Your remedy, then, is a reduction of the present Government expenses; but assuming that the Government are unable to reduce their expenditure, what course would you recommend?—Certainly I would not recommend a breach of faith. Under the circumstances, even an income tax would be better than for Government to break their word; of the two evils the income tax would be the lesser.

9018. But is it your opinion that an income tax could be raised without causing great dissatisfaction among the people?—Not at present.

9019. What class of people is it that the income tax most affects?—Immediately, it affects those who are not cultivators, although it affects some of the cultivators, too; but, in the Bombay Presidency, those who are not cultivators are mostly traders; and taxes paid by these fall indirectly on their customers.

9020. But if a person is assessed to the income tax he must be able to pay; because if he has had the income he can pay the tax?—Yes.

9021. In what respect then do you consider it unjust?—Only that its working is so unequal in the present condition of the people, particularly the ignorant masses.

9022. But the masses do not pay the income tax, do they?—In the Mofussil the traders may be considered ignorant; they are not educated.

9023. But is not the tax principally paid in the towns?—Yes; but there is only one Presidency town in the whole of Bombay; the rest are Mofussil towns, such as Poona and Ahmedabad.

9024. But those are large towns?—Yes; but there are few educated persons in them.

9025. You are aware that in this country there are people who do not like the income tax?—That may be so.

9026. Is there any other tax that you could suggest that would be less burdensome, or would be more approved by the people?—I think that, generally speaking, an indirect mode of taxation is better adapted to them now than any direct taxation.

9027. What do you mean by indirect taxation?—For which the tax-gatherer does not go to the taxpayer directly.

9028. What indirect tax do you mean to suggest?—I am hardly prepared to suggest any just now.

9029. Sir *T. Bazley.*] You have admitted that there has been a great influx of bullion into India, and perhaps you are aware that as much as 200,000,000*l.* sterling have been imported during the last 10 years?—Yes, I think that is the amount.

9030. And you stated also that still some

[*Kazi Shabudin.*

30 June 1871.

taxes are paid in kind?—Not in the British Provinces; only in Native States.

9031. Has that increase of bullion manifestly increased the circulating medium of the country?—Certainly.

9032. Then how is that visible wealth manifested; how is it seen; where can it be discovered?—Among the masses it is visible in the improved mode of their living; all the cultivators of the land who, before the influx of bullion, and the increase of prices, lived almost in a state of poverty, are now better clad, and live better than they used to live formerly; in the place of earthen utensils some have now metal utensils, and so on.

9033. And in some cases silver utensils?—Only such silver utensils as drinking cups, and one or two plates; I am speaking generally of the cultivators.

9034. Have you heard of the circumstance of the cartwheels of cultivators being made of silver in Malwa?—No. I think in general prosperity the province of Gujerat excels the other provinces; but I have never heard any thing like that in Gujerat.

9035. Have you heard of any increase of armlets and anklets of silver?—Yes.

9036. And are you aware that in some instances the women wearing them have been murdered for the purpose of obtaining the wealth?—I have not heard of women, but I have heard of children having been murdered. But such murders have of late become of rare occurrence.

9037. With such a visible increase in the wealth of India, is it not fair and just that there should be some tax paid by the possessors of that great increase of wealth?—That increase of wealth resulted, during a certain number of years, from an exceptional cause or causes; I do not think that there is any such progressive general increase of wealth as that.

9038. But you have yourself said that, during the last 50 years in tracing back the influence of price, you have seen that the price has been gradually augmenting, till at last even as much as 100 per cent. additional has been obtained?—I said that the prices were lowered during that period of great depression, which was from 1821 (or thereabouts) to about 1840 in the Bombay Presidency; the prices sank, I think, nearly 100 per cent. in some places.

9039. You are aware that a great difference exists between Europe and India with respect to national and domestic affairs affecting the welfare of the people?—Yes.

9040. Do you prefer the Indian to the European system and European conditions of life, and agencies for comfort, such as railways, common roads, canals, and so on?—No.

9041. You are not so enamoured of your village system as to wish to be deprived of European comforts and auxiliaries?—No; on the contrary, any improvement that I could suggest would tend to the increase of wealth and of these comforts.

9042. And you are an advocate of increased irrigation?—Yes, certainly.

9043. May I ask if you economise your manure in the city of Bombay?—In the city of Bombay it is not to my knowledge economised; it is not utilised for any purpose.

9044. Is manure applied to the soil in the district of Bombay?—Yes; it is chiefly cow dung.

9045. And where applied, do you see a great increase in the product of the soil?—Yes, it does increase the product of the soil.

9046. And therefore to economise the application of manure would be a national benefit in India?—Yes; I do not think there would be many cultivators who would use the night soil or the refuse drainage of Bombay.

9047. In China you know the night soil and every other kind of manure is made use of with great profit?—In the Presidency of Bombay there are people who would not object to using it, but it would not be used very largely.

9048. You have alluded to the increased price of cotton in your evidence?—Of cotton and of other produce too.

9049. And you are aware that even at the reduced price at this day the ryot is getting more than double the price that he obtained 12 years ago?—Yes, but the prices of cotton of late have been kept up by a spirit of speculation in Bombay, and there have been heavy re-drafts from England, and I believe many have been ruined by it.

9050. Are you not aware that the quality is better than it formerly was?—Yes.

9051. And that the price obtained is consequently higher?—Yes.

9052. And that the ryots are better acquainted with the prices ruling in England than they formerly were?—Yes.

9053. All of which would tend to cause an increased price and to give a permanency to that price?—The price of cotton will depend on other circumstances than its production in India itself. It will depend on the supply and the quality in America, for instance.

9054. I am glad to see that for the last few years there has been a rapid approximation between the value of the Indian cotton and the American cotton; you are aware that there has been?—There has been, but the difference is still great.

9055. There is no reason why it should not continue and become a benefit to the ryot, is there?—No, I see no reason.

9056. As you adopt European customs and manners, will you not of necessity increase your general expenditure very much?—Yes; I mean those who could afford to adopt them.

9057. You have no established poor laws in India?—We have no poor laws in India.

9058. You are aware that we have poor laws in this country which add very greatly to the local taxation of the country?—Yes.

9059. Then must you not look forward to a permanent increase of expenditure rather than a diminution of expenditure; if you are to enjoy these accumulations of wealth will you not need increased police, increased courts of justice, and all the elements of protection of life and property; and therefore will not your expenditure be in proportion greatly increased?—It would, under the assumed conditions.

9060. Then I fear what you call your economical system is not likely to be brought into practical adoption?—I am speaking of the present expenditure, not of what it may be prospectively.

9061. But if you are to improve your country, and enjoy the comforts that we have in Europe, you must increase the expenditure, must you not?—Yes; but you can hardly have any improvement

provement without increasing the production of the country at the same time.

9062. By the establishment of railways and the facilities for works of irrigation, it is very clear that the value of the land has, according to your own admission, considerably increased?—Yes, where they have been introduced.

9063. Under a permanent settlement or a redemption of the land tax, it is very clear that the advantage of all those public improvements would be obtained by the possessors of such property?—Yes.

9064. Would it be perfectly equitable to permit the advantage of public improvements, which a possessor of land has not contributed to, to be enjoyed by him without some contribution to the State?—Certainly he ought to contribute.

9065. Mr. *Candlish.*] I suppose that Indians, like Englishmen, do not like taxation at all?—They pay their taxes as you pay taxes here. Whether they like taxes or not, is not material. But the question is, what are they able to pay?

9066. Is not the income tax one of the most odious of the taxes imposed in India?—I think so.

9067. Then, if you had to increase taxation, in order to effect education, would you put the taxation on in the shape of the most odious tax?—I said that that would be a better alternative than breaking faith.

9068. But you have some better ways of doing it still, than that, I presume?—There may be, I admit.

9069. Are you prepared to suggest what they are?—No, I am not.

9070. Do you consider that the income tax is honestly paid in India; I mean, do the natives give a truthful return of what their income is?—I do not think all of them do. It frequently happens that a trader returns a larger income than he actually derives.

9071. Why does he do that?—He thinks that the information will go out of the office of the assessor, and will damage his credit, if he gives his real income, and by giving a larger income he increases his credit, as he thinks.

9072. He makes himself thereby a larger man?—Yes; it is a fact that they do that sometimes.

9073. In many cases?—I cannot say in many cases.

9074. But many more the other way, I suppose; that is to say, returning a sum below the actual fact?—I think that those who return a sum below the actual fact are more than those who return a sum in excess.

9075. Mr. *Grant Duff.*] You have had some acquaintance with the administration of at least one of the native states?—Yes.

9076. Were you yourself employed in the administration?—Yes.

9077. Have you gathered there any hints that might be of use to us in our financial administration?—I think that the administration of the native states, differs from British administration in two essentials; the first difference is, that the administration in native states is in the hands of those who are born in those states, live among the people, and are amenable to public opinion, particularly of their own caste fellows; and, therefore, they do not give cause, if they can possibly help it, for any dissatisfaction against themselves; the other essential difference is, that in native states the people are seldom interfered with; that is to say, there are not such frequent changes in laws, and in the modes of collecting revenue, and so on; then comes the question, whether these are advantages; certainly the first is a great advantage, viz., to know what the people think, and what they want; but the second I do not think would be practicable to the same extent in our British Provinces in which changes become necessary as civilization advances.

9078. But is there any practical hint that you could give us derived from your knowledge of the administration in the native states?—I am not at present prepared to do so.

9079. What native state administers its finances best in your opinion?—I only know, personally, one native state, the one in which I am employed.

9080. But have you made any study of the British system of financial administration, as compared with the financial administration of any of the native states, either now or in past times?—I do not think that these native states have any fixed system of financial administration; anything like a system of finance, as we understand the expression, is not known there. Money is received generally according to a fixed mode of taxation, and is spent as it is required, particularly at the will of the ruler.

9081. In short, you think that we could manage our matters better; you think we could reduce our expenditure; but you cannot give us any other advice whatever?—Not any derived from the native states, that I am acquainted with.

9082. *Chairman.*] Did you find that the land revenue, in the native state of Kutch that you were connected with, was punctually paid either in money or in kind?—It is collected in kind; and, therefore, it must be punctually paid; because, as soon as the crop is gathered in the responsible official goes and takes the Government's share from it. Until the Government takes its share, no part of the produce is allowed to be removed from the village barn-yard.

9083. Mr. *Grant Duff.*] Do you prefer that arrangement to ours?—No; I prefer a cash system to payments in kind.

9084. *Chairman.*] According to the native system, the person pays revenue exactly in proportion to the skill and industry that he exercises in cultivating his land?—Yes.

9085. Whereas, according to the English system of paying a fixed sum in money, anything that he acquires from his own skill and industry, goes into his own pocket?—Yes; but at the same time he pays in seasons of scarcity too; whereas, in Native states they do not pay anything when there is no produce.

9086. That applies to the natural produce in the natural seasons; but I am speaking of the results of superior industry and good cultivation, and the use of money in cultivating his land. According to the Native system, they take a share of all that; whereas, according to the English system, they do not take any portion of that, but the revenue remains fixed for the 30 years?—Yes; and even after the 30 years, if the Government strictly adhere to the terms of the present arrangement, they will not impose any additional assessment for the results of industry and skill.

9087. You understand that the English system in Bombay is one of assessment on what are called the natural elements of the soil, and other circumstances of that kind?—Yes.

9088. But notwithstanding that the revenue

Kazi Shabudin.

30 June 1871.

is collected in kind, have you never heard that in the Native states they have difficulty in getting it, and are peculiar in finding means for compelling the cultivator to pay?—No.

9089. But have you never heard of very coercive means being employed in the Native states, in Kutch?—No; I have neither seen nor heard it.

9090. Did you never hear of any singular steps being taken to make the natives in the Native states pay the revenue?—No, I have not heard it; nor are any such steps necessary under their system.

9091. But apart from that system, did you never hear of the Native states in and near Kutch taking very oppressive measures to exact their revenue?—No, I do not think the Native States I am acquainted with experience any difficulty in collecting their revenues. Coercion might be occasionally resorted to for the realisation of fines, penalties, or other demands, but it is not employed as respects the ordinary revenue.

9092. Mr. *Fawcett.*] I understood that you advocate the redemption of the land tax only with regard to the ryot or cultivator, and the advantage you would gain in that way would be to convert them into peasant proprietors?—Yes.

9093. But do you contemplate any means that would secure to them the possession of the land. What is there to prevent a land speculator coming and buying up the proprietary rights of a lot of these men?—The revenue officers would take the necessary precautions to prevent that.

9094. But could any precautions be taken which would prevent it, if the land tax were once redeemed, the holding passing out of their hands?—The only guarantee against that is the great attachment of these cultivators to their lands.

9095. But, supposing that times of scarcity came on, or anything like that, and they wanted to raise money upon the land, and it got mortgaged, you could by no law prevent these lands from being sold, could you?—No; nor would I. At present the right of holding land is so disposed of on mortgage whenever necessity arises.

9096. But then that right is frequently disposed of, is it not?—No, not frequently; a cultivator of land will do anything but part with his land, if he can help it.

9097. But then supposing that this land became, for instance, owing to increased value extremely valuable, how would a father apportion it amongst his children; would he go on constantly subdividing it?—Yes, just as he does now.

9098. When you say that you would prefer an indirect tax to the imposition of an education cess, or an income tax, I suppose you would prefer even an increase of import duties, or an increase of export duties, such, for instance, as the export duty on cotton, rather than that we should, as you say, break our word with the people?—I have not studied the subject of import and export duties.

9099. *Chairman.*] Will you explain what class of persons you spoke of when you stated that the rate of wages was 2 rupees a month in Bombay?—The poor classes in the interior of the Deccan and Concan.

9100. Do we understand you that the rate of wages in any part of the Bombay Presidency is now 2 rupees a month?—Yes; sometimes it is 4 annas a day, but in the interior of the Deccan and Concan, there are, I believe, labourers who work on 2 rupees a month; particulary in fields.

9101. Do you mean that that is their whole income, or that that is in addition to land which they possess and cultivate themselves?—In the Concan the land is subdivided to a great extent, and such persons possess only very small patches, which do not yield them much.

9102. What is now the rate of wages in the town of Bombay for any particular class?—A common labourer, I think, earns 6 annas a day.

9103. And do you think that the rate of wages still remains in any part of the Concan at 2 rupees a month's labour?—Yes; those who work in the fields in their own villages, and do not go to Bombay (the Bombay labour market is supplied generally from the Concan), earn very small wages.

9104. I want to know whether that is the whole of their income, or whether it is only wages paid for certain services during a part of the month and part of the day?—They are engaged generally by the day, or if they are agricultural labourers they are engaged for the season. But the land in the Concan, which these classes generally cultivate in patches, is so unproductive that they do not make much more.

9105. What wages are paid now, in any part of the Concan which you know, to what you may call the ordinary labourer?—I do not think that it is more than an anna and a half a day. In towns it is more.

9106. Sir *C. Wingfield.*] But is it not the practice very often to give food as well; wages are often paid in India partly in money and partly in food?—Yes; when they are engaged for the season they generally stipulate for food (which is of the coarsest kind), and for a cumlee or two.

9107. Mr. *Fawcett.*] How much salt will such a man consume, an ordinary man and his family?—I think one man would consume about 28 lbs. a year.

9108. Suppose it was a family of a man and his wife and two young children, they would consume 100 lbs. of salt in a year?—The children would not consume so much as adults.

9109. How much would you say the family would consume?—Take a family consisting of five persons, adults and children, I think they would consume about a maund of salt in a year.

9110. What duty would there be upon that?—The duty up to 1869 was 1 rupee 13 annas. I do not know to what they have increased it lately.

9111. He pays at least 2 rupees in salt duty?—I believe so.

9112. How much should you say that such a man would earn; 2 rupees a month?—Yes, about that.

9113. Then it would represent a tax of 8 per cent. on his income?—You are taking the earnings of one man, and the salt consumed by a whole family; but then the wife sometimes works, and the grown-up children work too; they earn a little; women earn less than men, but they do earn something.

9114. Could you give an idea of the average earnings of such a family?—I am not just now prepared to do so.

9115. Mr. *Cave.*] How many hours make a day's labour?—They work from 8 till 12, and then they have one or two hours to themselves; after which they work till the evening.

9116. Have they time to work on their own land?—When they are engaged on their own land they do not go and labour for others.

9117. Then

9117. Then are there no instances of people working for wages and also working on their own land?—Some few, when they have nothing to do in their own fields, go and work in others' fields, the crops being different.

9118. Not on the same day?—No.

9119. Is there much land mortgaged round Bombay?—Among the ryots who cultivate what we call the Government land it is not much mortgaged, but among owners of land it is done to a great extent.

9120. But those owners let their land to somebody else, I suppose?—Yes, they generally do not cultivate their own lands.

9121. And what is the rate of interest paid for those mortgages on land generally?—It depends upon the quality of the land, and its situation.

9122. The amount of the mortgage depends upon the quality, I suppose, but not the rate of interest, does it; the rate of interest would be the same, would it not, on all land?—The rate of interest for mortgages on land varies; but it is lower than on other property. On land it varies from 4 to 6 per cent., or even a little higher. In some places it is even lower than 4 per cent. A man would readily advance money on land at a lower rate of interest.

9123. Will they advance money on Government security at as low a rate of interest as on land?—Those who advance on land are small capitalits in the interior, and not of the class who take up Government securities.

9124. But would they advance money on Government securities at as low a rate of interest?—No, not on Government securities at as low a rate of interest as on land.

9125. The ryots, you say, do not mortgage their land?—Not generally.

9126. If they do, they have great difficulty in living and paying the interest?—Yes; land being their only source of income.

9127. But if the land is mortgaged for a sum beyond what the ryot can pay, does he transfer his lease of the land to somebody else?—Such cases occur.

9128. Sir *C. Wingfield.*] Do you consider that the natives are happier in a well-governed native State than in the British territories?—I have not been in those native States which are considered model States, and therefore I would rather not give an opinion.

9129. Mr. *Birley.*] You say that the rate of interest on land mortgaged is from 4 to 6 per cent.?—In some parts of Gujerat, where the cultivators are better off than in other parts, it is even lower than that.

9130. And what would they lend money for on Government securities?—I have hardly an idea.

9131. Mr. *Candlish.*] Did I understand you correctly to say that the cure for many of the ailments of India would be economy on the part of the Government?—Yes.

9132. If we get a high Government official here to say that the expenses of Government cannot be reduced, could you tell him how to reduce them?—I could, if required, go over the expenditure, and consider every item.

9133. Have you any doubt that the Government expenses could be reduced without diminishing Government efficiency?—So far as my knowledge goes, I think that there is great room for reduction in certain departments.

9134. If asked, would you be prepared to state here where you would effect the reductions?—I have stated the principal departments already.

9135. Would you regard such evidence as you have to offer on that head as important evidence, more important than other evidence such as you have given here to-day?—I am not at present prepared with facts.

9136. When you say that economy would be of advantage to India, are you not in possession of facts to justify you in making that statement?—I was in the Government service for 13 years, and I have observed the working of those departments; I have mixed with people in, and connected with those departments, and my knowledge and impressions are derived from that source.

9137. Would you wish to give evidence on that head?—I am not sufficiently prepared, at present, to do so.

Tuesday, 4th July 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Sir James Elphinstone.
Sir Thomas Bazley.	Mr. Fawcett.
Mr. Beach.	Mr. Robert Fowler.
Mr. Candlish.	Mr. Haviland-Burke.
Mr. Cave.	Sir Wilfrid Lawson.
Mr. Crawford.	Mr. Lyttelton.
Mr. Cross.	Mr. M'Clure.
Mr. Charles Dalrymple.	Sir Stafford Northcote.
Mr. Beckett Denison.	Mr. J. B. Smith.
Mr. Dickinson.	Sir David Wedderburn.
Mr. Grant Duff.	Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. THOMAS LAWRENCE SECCOMBE, C.B., recalled; and further Examined.

Mr. *Seccombe*, C.B.

4 July 1871.

9138. *Chairman.*] WILL you be good enough to give the Committee information respecting the receipts of the Home Treasury on account of the Indian revenue for the financial year 1869-70, under the head of "Miscellaneous"?—The first item under the general head of "Miscellaneous" is "interest realised from the investment of cash balance, &c." 25,056 *l.*; that interest is obtained for certain sums lent from the balance of the Secretary of State in Council, at a rate generally of about 1½ per cent. below the bank rate of discount. The sums are lent for periods of from one month to six weeks, so as to be available whenever they may be required for the purposes of the Home Treasury.

9139. Will you explain the next item?—The next item is a receipt from the Imperial Treasury, 10,091 *l.*, being a portion of the rent of the telegraph cable between Malta and Alexandria. That cable was constructed originally for the Imperial Government as a line from Falmouth to Gibraltar; but being too heavy, it was agreed between the Lords of the Treasury and the Secretary of State for India, in the year 1860, that it should be laid at the joint cost of the two Governments between Rangoon and Singapore. It was shipped with that object, but the consignment on one ship became heated, and the cable had to be landed; the season was then lost, and it was laid in 1861 at the joint expense of the two Governments, between Malta and Alexandria, the Imperial Government bearing three-fifths and the Indian Government two fifths. It was then leased in 1861 to Messrs. Glass & Elliot at a rate dependent on the profits obtained by working the cable. It was subsequently, in 1868, leased to the Anglo-Mediterranean Telegraph Company, and a rent was received of 2,000 *l.*, of which the Imperial Government paid us two-fifths. The telegraph company gave notice on the 17th October 1870 of the termination of the lease, and the telegraph has been sold by the Treasury to the company for 25,200 *l.*; the company has also to pay 1,000 *l.* rent due, and a penalty of 5,000 *l.* for not repairing the cable, altogether 31,200 *l.*, of which India will receive two fifths. The total amount paid by India on account of the cable has been 176,947 *l.*, and we shall have received altogether, including the sum of 10,091 *l.* shown in this account, 61,001 *l.*, so that India sustains a total loss of 115,946 *l.*

9140. Mr. *Crawford.*] What was the date of the arrangement under which the cable was first made?—In 1859 it was constructed for the Imperial Government, not for India.

9141. That was immediately after the Indian Mutiny; was it not greatly in consequence of the necessities shown by the state of things at the time, that the making of that cable was entered into?—I believe it was.

9142. Sir *C. Wingfield.*] Does that outlay which you have mentioned include the total cost of sending the cable out to Rangoon, and coming back again?—The total cost to the Indian Government.

9143. *Chairman.*] Will you pass to the next item of account, 11,658 *l.*?—That consists of fees and subscriptions to widows' funds of the home establishments. The fees received for certificates of death of officers and others in India, granted by the India Office, and on other accounts included in that sum, amount to 663 *l.* The dividends on stock, the property of the widows' funds, invested in the names of the trustees, were 8,297 *l.*; and the subscriptions paid by members of the widows' funds amount to 2,698 *l.*, making up the total of 11,658 *l.*

9144. For what class of widows is this fund kept?—There were two funds instituted by the Court of Directors of the East India Company, to include different classes of their servants; the one for officers and clerks, the other for an inferior class of clerks and messengers. When the

the change of Government took place, it was deemed expedient to discontinue those funds, especially as there were then greater facilities than formerly for insuring lives; and the Secretary of State guaranteed to the subscribers the pensions which were provided by the rules, and closed the funds, so that no further entries to the India Office of clerks would bring them within the scope of the funds.

9145. Do you mean that the clerks would have no superannuation?—These are only funds for widows and orphans, not for superannuation.

9146. Mr. *Cave.*] Does that include the Clive Fund?—No, that is quite distinct; these are civil not military. I should mention that the trustees of these funds hold a considerable property, amounting to 282,734 *l.*, which is invested in stock, and will eventually become the property of the Secretary of State in Council, but at present the funds involve a considerable annual charge.

9147. Mr. *Dickinson.*] This is not a part of the fund made over by Act of Parliament?—No.

9148. *Chairman.*] And then the officers in the India Office will be on the same footing as other public servants; they will get superannuation, but their widows and children will not be provided for?—Quite so.

9149. Does the item of 1,194 *l.* for the "sale proceeds of unserviceable stores" refer to stores used in England, or to what does it relate?—It consists of a variety of items. It is the practice of the Government of India to send home for assay gold and silver coins; when they have been assayed the remaining gold and silver is sold, and the proceeds form a small portion of this sum. Part of the receipts is for telegrams to India, which had been included in the office bills, but have been paid by individuals; part consists of sums received from the librarian for surplus books of the Indian Office Library, which had been sold, amounting to 295 *l.*; the refund of an over-payment on account of the services of an individual in the Paris Exhibition, which had been checked on audit, is another portion; and there are a number of very small items.

9150. Will you be good enough to explain the meaning of the item of 78,000 *l.* "subscriptions to the Indian Military Funds"?—Under the rules of the several military and medical funds, which have now been made over to the Government, officers in this country have to pay the subscriptions due from them so far as regards the medical funds, with a view to their own annuities, and so far as regards the military funds for widows and children; and this sum of 78,771 *l.* is the aggregate of those subscriptions during the year.

9151. Will you explain in what manner the receipts of 22,000 *l.* on account of the army arise?—The first item of 4,864 *l.* is a receipt from the War Office, on account of clothing for a period from 1st April 1859 to 31st March 1862. Under the arrangement for clothing the troops at that time, the Government of India paid a rate to the Imperial Government, and this was an amount which had been unduly charged then, and which has been subsequently admitted by the War Office here, and paid over.

9152. Mr. *Dickinson.*] Without interest, I suppose?—Without interest.

9153. *Chairman.*] Are these items under the same head, all refunds on adjustment of account?—Yes; when a regiment returns from India the clothing in possession of the regiment, being the property of the Secretary of State for India in Council, is valued by a committee, and the amount is paid over to the India Office. One item which is included in the sum of 17,254 *l.* is 8,696 *l.* on that account, and the proceeds of sales in England of unserviceable stores brought from India, old ordnance, &c., and some other minor items, make up the total amount.

9154. What is the explanation of the sum of 10,244 *l.*, "In repayment of excess of working expenses over traffic receipts of the Jubbulpore line"?—The Jubbulpore branch of the East India Railway did not pay its working expenses in the half year which ended on the 30th June, 1869, and that sum of 10,244 *l.* was paid over to the Government of India on that account.

9155. Mr. *Crawford.*] The East India Railway Company's system is worked under two separate contracts by the Government of India, is it not?—Yes.

9156. And this item of 10,244 *l.* 7 *s.* is the sum, ascertained upon the form of accounts prescribed by the Government of India, of loss upon the working of the Jubbulpore branch?—It is.

9157. And it was repaid as loss to the Government out of the earnings of the main line of the East India Railway Company?—Yes.

9158. The loss means that the sum so repaid was in excess of the receipts of the company, after having received from the Government 5 per cent. upon the capital included in that part of the system which belonged to the Jubbulpore branch?—Yes.

9159. Were the Government and the company at one as to the principle on which that account was made up?—I am hardly able to give the Committee information upon that point; it in no way comes within the financial department; it would be a question for Mr. Danvers.

9160. You merely speak as to the fact of the item here?—I am only dealing with the financial result.

9161. Mr. *Cave.*] Does that 10,091 *l.* of rent for the telegraph cable go in reduction of the 115,000 *l.* that you mentioned just now?—That 10,091 *l.* is included in a receipt of 48,520 *l.* which had been obtained by the Government of India, and two-fifths of the 31,200 *l.* still remain, making a total receipt of 61,001 *l.* against their expenditure of 176,947 *l.*

9162. And that leaves a loss of 115,000 *l.*, but what I want to know is whether this rent will continue; is it an annual rent to be paid?—That is the close of the whole transaction. The cable is sold, and there is nothing more to be received.

9163. Does this 78,000 *l.*, under "Subscriptions to the Indian Military Fund," include the subscriptions to the Clive Fund among others?—There are no subscriptions to the Clive Fund. It includes subscriptions to the Bengal Military Fund, the Bengal Military Orphan Society, and the Bengal Medical Fund, the Madras Military Fund, the Bombay Military and Medical Funds, and the Indian Navy Fund.

9164. Has the Clive Fund been assumed by the Indian Government?—Yes; though nominally Lord Clive's Fund; the expenditure has for many years been greatly in excess of the amount produced by the gift of Lord Clive, and that continues still as a charge without any

Mr. *Seccombe*, C.B.

4 July 1871.

receipt on the other side except unclaimed prize money.

9165. There are no subscriptions to that, but only certain receipts?—Only unclaimed prize money.

9166. But the Indian Government always makes a subscription in aid of the funds produced by the capital, I suppose?—The plan formerly was this, that Government brought to account the interest of the grant by Lord Clive, and paid pensions on a certain scale without regard to whether they were covered by receipts or not, and they greatly exceeded the receipts.

9167. *Chairman.*] Do those receipts, amounting altogether to 204,720 *l.*, compose the whole of the receipts on account of the revenues of India obtained in England?—They do.

9168. But the Home Government or the Secretary of State for India in Council in addition receives large sums of money for the purpose of meeting other expenditure?—At page 2 of the Home Accounts those transactions are shown, the transactions by which the Secretary of State is placed in funds to meet the total disbursements in England.

9169. Mr. *Fawcett.*] I understand that this telegraph cable that you refer to laid down between Malta and Alexandria, was originally the cable of an English telegraph company, belonging to the English Government, and that the Indian Government ultimately obtained a share of a very bad speculation. Who advised them to do so?—It was done in correspondence with the Treasury.

9170. And was it thought at the time to be a good bargain for India?—It was thought to be desirable for Indian interests.

9171. But it proved exactly the reverse, did it not?—Certainly.

9172. Did they consult any authorities before entering into a large speculation like that; were there any opinions taken of persons practically acquainted with the subject?—I am not able to state whether the opinions of practical persons were taken on the subject, because it was not done through the department with which I am connected; but there can be no doubt generally that the Treasury are exceedingly jealous in regard to incurring expenditure, unless it is likely to prove advantageous.

9173. But supposing that the Treasury in Downing-street is anxious to get rid of a bad speculation, and make India pay part of the money, who protects the interests of India?—The Secretary of State for India in Council.

9174. But the Secretary of State not being personally the least judge of the value of a telegraph company, does he, before entering into a heavy commercial speculation like this, take the opinion of practical men?—He has in his Council able men whose attention has been directed to telegraphs.

9175. But is there any man on the Council who has a practical knowledge of the engineering work of the telegraph?—Yes, it is considered that in the Council there are one or two able men on those matters.

9176. Then I should like to obtain some evidence from them as to who recommended this purchase; who would probably be able to give that evidence?—If the Committee desired to go into that question, I think that the head of the telegraph department should be here, and the members of the committee whom he represents.

9177. Who is the head of that department?—Mr. Thornton.

9178. But then Mr. Thornton, as far as I understand, has no practical knowledge whatever of telegraphy, but he is simply a gentleman who has been brought up since early life in the India Office, is he not?—He is.

9179. Then he is not a person whom you would consider to possess any practical knowledge as to telegraphy, would you?—On all questions on which it is considered that information of a technical character is required, it is always obtained by the Secretary of State in Council.

9180. I want to know upon whom you fasten the responsibility of making this excessively bad speculation; of course, if the Secretary of State of the day took trouble to consult some man whose practical knowledge would be considered valuable, the responsibility would be his; could you furnish any memorandum which would justify the Secretary of State at the time in making this unfortunate purchase?—Yes, I could easily furnish a memorandum on the subject; but there can be no doubt that the responsibility rests with the Secretary of State in Council and the Lords of the Treasury.

9181. Yes, but what I want to come at is this: the Lords of the Treasury and the Secretary of State have two directly antagonistic interests; supposing that the Lords of the Treasury discover that they have got themselves involved in a very bad pecuniary speculation, and they want to put two-fifths of that, as seems to have been done in this case, on the people of India, what man is there with practical knowledge to protect the interests of the people of India?—In all large questions the Secretary of State in Council carefully considers them before he sanctions expenditure, and obtains such information as satisfies him that it would be properly incurred.

9182. I want to know what steps they take to do that; no one would pretend to say that the Secretary of State, a man usually brought up in public life, could from his own knowledge say whether 1,000,000 *l.* or 2,000,000 *l.* ought to be paid for a particular telegraphic line; whom does he usually consult to ascertain whether the line ought to be bought at all, and if so, what price ought to be paid for it?—I think that the only course for me to pursue in this case would be to submit a memorandum to the Committee explanatory of the process by which the Secretary of State arrived at the conclusion that it was proper to assent to the arrangement in question.

9183. *Chairman.*] You are speculating as to what might be done; the honourable Member is asking what was done in this particular case; do you recollect what was done in this particular case?—I do not.

9184. Mr. *Grant Duff.*] It would be no part of your official business?—No.

9185. *Chairman.*] It would be the duty of Mr. Thornton to know what was done in this case by the Secretary of State?—Yes.

9186. Sir *S. Northcote.*] The Council of India is divided into committees, is it not?—It is.

9187. And upon those committees there are gentlemen who are supposed to be peculiarly cognisant of the subject-matters referred to them

them as among the members of the Council?—Yes.

9188. The department of the office which would have had cognisance of any such transaction as that of which we are now speaking, is the department which Mr. Thornton represents in the office, and which is represented in the Council by a committee which superintends questions of railways and telegraphs, is it not?—It is.

9189. Therefore, as regards information as to the steps taken to obtain further light upon this question, I understand you to say that it would be better that the Committee should consult Mr. Thornton, or the members of the committee who were responsible for that department?—I so put it to the Committee.

9190. Mr. *Fawcett.*] Then there is another point in connection with this, on which I should like to examine you. I understand that now the thing has been finally disposed of?—It has.

9191. What is the amount which India has received?—The amount of the two-fifths of the purchase money, rent and penalty, to be received by India is 12,480 *l.*

9192. You put that 12,480 *l.* down to income?—Yes, it will be credited to income; the 10,091 *l.* is included in a sum of 48,520 *l.*, which was received before the final sale of the telegraph.

9193. But then considering that this represents property which probably was bought partly by borrowed money, do not you think that if the accounts were kept correctly it ought to be put down to capital account, and not to income?—A Government has no capital account; the disbursements on this account have, in former years, been entered as charges; and it is the principle on which the accounts are kept that all gross receipts and charges during the year shall be brought to account as receipts and charges of the year.

9194. That is the most important point that I wish to get at. I understand you distinctly, that, although the Indian Government is constantly borrowing, they have no capital account?—They have a debt account.

9195. But no capital account?—No capital account.

9196. I will put this case: suppose (which is a perfectly possible case) that the Government of India borrows 500,000 *l.* to purchase a telegraph or a railway company; turns out a bad speculation in two years time, or a good speculation it may be, and they think it necessary to sell it, and they sell it for 400,000 *l.* According to your statement that 400,000 *l.*, representing what has been obtained as borrowed money, is put down to income in the gross receipts?—Yes, if the expenditure had been included among the charges the receipts would be included among the receipts.

9197. Can you justify such a method of keeping accounts?—It is, I think, the accepted form of keeping accounts in the present day.

9198. By any merchants?—No, but I believe by the Imperial Government as well as by the Government of India.

9199. I should say that it was unjustifiable for any Government to do it. But do not you see a fundamental distinction to be drawn between a Government which usually has a surplus, and a Government whose normal condition is one of borrowing and deficiency, which represents the financial condition of India?—The generally admitted principle, recognised by the Government of India in regard to borrowing, is, that it shall be only for public works extraordinary, of which an account is kept, and that, except in regard to that expenditure, the charges of the year, for ordinary purposes, shall be kept within the income of the year.

Mr. *Seccombe*, C.B. 4 July 1871.

9200. But when was this rule laid down that they should only borrow for public works extraordinary?—It was first distinctly laid down about the time when the Secretary of State agreed to separate public works extraordinary from the general expenditure of the Government.

9201. When was that done?—When Lord Cranborne was Secretary of State for India.

9202. But, for instance, this telegraph was bought in the year 1859-60, and in that year this distinction, that public works extraordinary only should be constructed by borrowed money, had not been laid down?—It did not exist then.

9203. Considering that in the year 1859-60 there was a very heavy deficiency, as I understand, and a considerable amount added to the Indian debt, can you state whether this telegraph was not bought with borrowed money?—There is no doubt that telegraph, like all other expenditure, being included among the charges of the year, if there be a deficit on the transactions of that year, either the Government must borrow money or it must reduce its cash balance.

9204. Then I am correct in saying if there was a heavy deficiency in that year, that this telegraph was bought partly with borrowed money?—In the year in which that expenditure was incurred the Indian Government had to borrow largely.

9205. They had to borrow 10,000,000 *l.*, had they not?—The deficit, I think, was 10,700,000 *l.* in that year.

9206. Then what the statement really comes to is this; you borrow money to buy a certain thing; you sell that thing at an enormous loss, and then, having added to your debt, you, in consequence of buying it, instead of appropriating the proceeds to reducing the debt, you put them down to income as if they were an ordinary receipt?—Expenditure on any work having once been included among charges, if, by means of a sale of a portion of it, or by the rent of it, a sum be obtained, it has certainly been carried to the receipts.

9207. Yes, but after all that is a totally different thing; you sell the thing, therefore the thing can never recur, and then you put that down (that is a different thing from the regular income derived from it) as an ordinary receipt of income?—We do.

9208. Is there any security, for instance, that any year a million may not be borrowed and added to the debt, and that in order to obtain a surplus you may not sell what you have bought at a million for 700,000 *l.*, and in that way make out your accounts as extremely satisfactory?—There may be some objection to the present system of account on the grounds that you urge; there can be no doubt that every year we find in our receipts as well as in our expenditure certain exceptional items which are not proper to the year, and tend to give an erroneous view, if it be assumed that the statement is of annual receipts and charges of a normal character.

9209. But you are probably aware that these exceptional receipts put down as income have,

Mr. *Seccombe*, C.B.

4 July 1871.

in some years, been so large as to vitiate the whole accounts, so that owing to that fact you can place no confidence whatever in the financial statements as to the financial position of India?—I should hardly agree to your view that you can place no confidence in the accounts, because it has been deemed to be the best mode of bringing to account, in the simplest form, all receipt and expenditure; I admit that it is not safe to take up an account of any one year, and, without considering what are the exceptional items, to assume that that is the normal state of Indian finance.

9210. I wish to put this before you in order to illustrate the serious nature of the thing; you are probably aware, having looked into the account of what was stated the other day by the Comptroller General, that last year if the accounts of India had been properly set out there ought to have been stated a deficiency of 660,000*l.* instead of what was stated, a surplus of 118,000*l.*?—I saw the statement of Mr. Harrison's, to which you refer, and he admitted rather more than I should be disposed to admit; because in that very year there was an expenditure on account of barracks of upwards of a milion, which was not an ordinary charge of the year.

9211. Does it come under your department at all in any receipt that you may receive from the Imperial Government (and you define the Imperial Government, I understand, to mean the English Government) to see that it is a proper receipt, that it is enough, in fact; who is there to look after that; does it come under your department?—Yes, as a general rule.

9212. You referred to a disputed receipt which has been at length paid to you by the Imperial Government of 4,000*l.*?—On account of clothing.

9213. That amount has been due to you for the last 10 years, has it not?—Yes.

9214. Then India has been deprived for that time of the interest, has she not?—Unfortunately our accounts with the Imperial Government are of a somewhat complicated character, and a balance of a much larger amount than 4,000*l.* is occasionally standing on either side. That 4,000*l.* entered into a general series of transactions which, after undergoing careful audit, have at last resulted in the Imperial Government admitting that they are liable for the amount.

9215. Have you any plan for settling a claim so as to bring it to a conclusion in less than 10 years; do you adopt any plan of having referees, for instance?—It has never been found necessary.

9216. But supposing that in this case this thing has been disputed for 10 years, and there has been a great deal of correspondence about it, could not the thing have been settled at once by the plan I suggest?—There has been but little dispute about it. There have been several changes in regard to the mode of paying for clothing, and the charge had been lost sight of in India, and when reported home it formed the subject of correspondence.

9217. But who in the last instance decides the dispute, supposing you do not agree?—If there is no agreement it becomes then a question to be laid before the Secretary of State in Council as to what further steps shall be adopted in regard to it.

9218. There is no one who can act as an ultimate referee; supposing the Lords of the Treasury say that the amount is not due, and the Secretary of State says that it is, there is no power then to compel payment of the money, is there?—No; but it hardly ever reaches a stage of that kind.

9219. But a high official connected with India has publicly made the statement that the financial interests of India are constantly being sacrificed, owing to the fact that the English Government make India pay for things that they ought not to pay for, and do not pay them for things which they ought to pay them for; who is to protect India from that?—I should not be disposed to take that view myself.

9220. I will quote the exact words; Mr. Laing not long since stated, in a letter which he wrote to the "Times," that Indian finance was constantly being sacrificed to the exigencies of English estimates and the wishes of the Horse Guards?—That, of course, is but an opinion of Mr. Laing's, from which I would venture respectfully to differ.

9221. You think that there is no ground for it?—I think it is very necessary that Indian interests should, in those intricate matters of army expenditure, as in all others, be carefully protected by the Secretary of State in Council, and I think they are as a rule.

9222. Mr. *Grant Duff.*] In case of a difference of opinion between the Secretary of State for India and the Treasury, with regard to which they cannot come to an agreement, I suppose the matter would be referred to the whole Cabinet, would it not, and the Cabinet would arbitrate?—I presume so.

9223. Mr. *Fawcett.*] But you are probably aware that the gentleman to whom you have referred, Mr. Thornton, expressed an opinion with regard to the telegraph expenditure, that the Indian Government paid a great deal too much, and the English Government a great deal too little?—Yes, I am aware that Mr. Thornton expressed that opinion.

9224. Does the amount which the English Government, or the Indian Government, ought to pay come under your department at all?—Yes, questions of that nature do as a general rule; but I am only an officer of the Secretary of State, my duty consisting in obtaining proper materials, placing them together for his information, and submitting them with any suggestions that I may have to offer.

9225. But in the cases to which Mr. Thornton refers, did you represent to the Secretary of State that you thought India was paying too much?—No. The cases to which Mr. Thornton referred did not come under my department at all; they were dealt with in Mr. Thornton's own department.

9226. And he was the responsible person to point out those things to the Secretary of State?—Certainly.

9227. There is a Blue Book annually laid before Parliament, and which I hold in my hand, which contains a statement, and almost an authoritative statement, I suppose, of the financial position of India; it gives the gross receipts, the gross expenditure, and the deficit. I suppose you are responsible for the preparation of that Blue Book?—No, I am not responsible for that document, or any part of it. I am aware that while it has been compiled with considerable industry, there are certain errors in it which it would be desirable to correct.

9228. But you being aware of those errors, it was laid before Parliament for Parliament to form an accurate opinion of the financial position of India; I hold in my hand certain other Blue Books which, no doubt, you are perfectly familiar with, which contain a statement of the actual financial position of India, as compiled at Calcutta on the same principle?—I had not seen the Blue Book, which was prepared in the India Office previous to its being laid before Parliament, and was consequently not aware that it was inaccurate. I have seen the Blue Books which were compiled at Calcutta.

9229. You are probably aware that almost every year there is the greatest possible discrepancy in the accounts contained in the book which is issued at the India Office and the book compiled at Calcutta?—Yes, I am aware that in certain early years there are great discrepancies in them.

9230. In some years it amounts to as much as 2,000,000 *l.*, does it not?—It may be so.

9231. When you say that it is in the early years, that discrepancy has continued up to the present time, has it not?—I think not up to the most recent years.

9232. Up to the latest year of which we have any complete account; I refer to 1868–69, there is a discrepancy, is there not, of a million?—I have not so closely investigated it, as it clearly does not come within my department, but when I looked at it some little time ago, and saw that there were many errors, my impression was that 1867–68 and 1868–69 were correctly given.

9233. I want particularly to examine some one on that; if you are not responsible for it I will not press you, but who is responsible for these discrepancies?—The gentleman whose name is attached to that book is responsible; it is Mr. Hornidge, the Statistical Reporter, who knows that there are serious errors, and regrets very much that they should exist.

9234. Not only Mr. Hornidge must have been aware of them, but every one connected with the finances at the India Office must have been aware of them, I presume; should they not have been pointed out, under those circumstances?—You may probably think that I should be one of the first to discover these errors, but I can assure the Committee that the labour of my own department is such that I cannot take up every document sent out from the office, and see that it entirely agrees with those statistics which I myself should put forward.

9235. I do not wish to fasten the responsibility at all upon you individually, but as a matter of fact, does it not seem extraordinary that a Blue Book giving a most detailed statement of the accounts should be published in Calcutta, and another Blue Book published by the India Office in London, and that these grave discrepancies should take place every year, and that no one should have noticed them, or directed attention to them?—I have already said that the gentleman whose name is attached to it very deeply regrets that the errors should have occurred.

9236. Perhaps you are aware that owing to these discrepancies in the account, when the right honourable gentleman, the Member for North Devon, was Secretary of State for India, they were obliged to alter a resolution which was about to be passed in the House of Commons, and owing to the incorrectness of the accounts they were obliged to make the resolution run in this way: "It appears from the accounts which have been laid before Parliament of the financial position of India," that so-and-so?—Yes, I am aware that the resolution was so modified.

9237. In consequence of the incorrectness of the accounts?—It is not my impression that it was in consequence of the incorrectness of the accounts, but that it was asking the House to affirm that which only appeared from the accounts.

9238. If you refer to the debate which took place in 1865–66, you will see that the resolution had to be altered in consequence of a certain incorrectness in the accounts, and although that took place five years since, the incorrectness and these serious discrepancies still continue?—But on the occasion to which you refer, that little book now in your hand, was not at all in question. The error, I think, if any, was with regard to stores in that year.

9239. As you have mentioned stores, I will come to that point particularly; although a very serious error was admitted with great candour by the Secretary of State for India, so much so that he altered a resolution, and that arose from the way in which the store accounts was made out, is it not the fact that at the present time a great part of the errors and discrepancies between the statement of the India Office and the statement of the Calcutta Government still arises from the same cause, namely, the way in which the store accounts are kept?—No, I am not aware of that.

9240. Are not the store accounts entered in different ways in the two books?—I think not.

9241. I have come to a very positive conclusion upon the point; can you say that you have looked into the matter, and investigated that point specially?—No, I have not.

9242. Perhaps as we may have an opportunity of examining you again, and I should like to ask you some questions on that point, you will kindly compare the two books?—I will; I may perhaps mention that a change has of late years been made in regard to the mode of charging stores, so as to avoid any possibility of difference in that respect, and the plan is now pursued, not as formerly, of the Government of India bringing to account as a charge of the year the stores which they receive, but we now charge, as the Committee will see in these Finance and Revenue Accounts, the amount which we pay in England during the year against its proper department.

9243. You will compare the way in which the store accounts are made up in the books furnished by the India Office, and in those furnished by the Calcutta Government?—I will.

9244. I suppose the Financial Department of the India Office exercises not simply a control over the finances of what you may call the Home Department, but over the general finances of India?—The Finance Department of the India Office has no power of control whatever; it is a department constituted in order to obtain information and to make suggestions to the Secretary of State in Council, and when he has passed his decision upon them, to carry the decision into effect.

9245. But the Secretary of State in Council has considerable, in fact primary, control over the finances of India, has he not?—He has.

9246. Then when the general accounts came back from Calcutta, if you detected anything

Mr. *Seccombe*, C.B.

4 July 1871.

that you thought wrong, you would of course point it out to the Secretary of State for India?—Certainly.

9247. In 1868–69 did not it appear in the accounts furnished at Calcutta that there was a miscellaneous land receipt of a million?—There was a miscellaneous land receipt of a considerable amount, but not I think of a million.

9248. Could you refer to any of these books before me and tell me what the exact amount was?—I should be sorry to take as a matter of course a statement in either of those books and adopt it; I could furnish a statement.

9249. I believe I am correct in saying that there was a miscellaneous land receipt put down of a million, and I want to ask you whether that would not strike you as being so large a receipt that it demanded an investigation?—The land revenue in 1867–68 was 19,986,000 *l.*; in 1868–69 it was 19,926,000 *l.*, very nearly the same amount as in the previous year; in the next year it was 21,088,000 *l.*, and I apprehend that is the year to which you refer. In that year the accounts included 124,536 *l.* sale proceeds of waste lands, 14,471 *l.* interest on Government securities purchased with proceeds of waste lands, and 282,066 *l.* value of Government securities purchased with proceeds of waste lands, amounting together to 427,073 *l.*

9250. That is the item to which I refer; did you point out to the Secretary of State that there was an enormous sale of waste lands, and that selling waste lands to this extent was really using up the property of the Government and spending it on income?—Yes. The Government of India in the letter which sent home the regular estimate for 1869–70, stated that the accumulated proceeds of waste lands had been credited to land revenue, and gave the reason for it; and in the Secretary of State's reply he adverted to the fact, but did not disapprove it, as he considered that the reason given by the Government of India was a sufficient reason.

9251. I am not going to enter into the policy of selling waste lands, because I consider our Committee is more a finance committee; but what I wish particularly to ask you about is, whether you think that it is a proper thing to sell a large amount of Government property like that, and to sell it for ever, and then put it down as income?—It is a question certainly upon which some doubt may reasonably be entertained, and I think that had it been apprehended that these sales of land would extend so as to alienate a very large portion of the Government property, it might be doubtful whether it would not be injudicious to include the proceeds as receipts of the year in which the sales were made; but taking the plan upon which the accounts are framed, of showing the gross receipts and gross expenditure, I certainly am of opinion that the Government of India gave a sufficient reason when they said that they thought that borrowing as we were, at 4 per cent. upon the faith of the remunerative character of the works on which we were going to expend the money, it was a cumbrous system that we should be retaining such an amount as half a million to be held in Government securities.

9252. But if you had appropriated this 500,000 *l.* to capital instead of income, what it really would have come to would have been this, that you would only have had to borrow less, and a Government should always try to borrow as little as possible, I presume?—Pardon me, this view that you take is not a correct one; had it not been brought to account as revenue, we should have had to raise a larger sum, because our income would have been deficient to that extent.

9253. That is one way of looking at it, but another way is this; a Government habitually spends all the money that they can get at, and if they have less to spend there is a greater inducement for them to exercise economy; and it does not at all follow that if this 500,000 *l.* had been devoted to capital instead of to income, the Government would have spent as much as they did spend?—I cannot accept your view that the Government of India is actuated by so reckless a spirit. My own experience is that there is great care, and great pressure for economy exercised by the Home Government.

9254. That which I suggest is one way of looking at it, whether right or wrong?—It is undoubtedly.

9255. I will put to you another question that seems to me to involve most vital principles in Indian finance. Supposing that a man during the last 10 years has been spending more than his income; he is the owner of a landed estate, his estate brings him in 10,000 *l.* a year, he has been spending 12,000 *l.* a year, and, owing to his spending more than his income, he accumulates a debt of 20,000 *l.* in 10 years; suddenly he agrees to cut down an enormous quantity of timber, from which he realises a couple of thousand pounds. Would he not, if he were a prudent man, devote that money arising from the sale of his timber to the reduction of the mortgage on his estates rather than go and spend it?—Unquestionably.

9256. Does not that fairly represent the financial position of India?—No, I think not. This account is prepared upon the recognised principle which I have referred to of showing gross receipt and gross expenditure. I think when this balance sheet is before the Secretary of State, or before any individual, the first point it becomes important for him to ascertain is, are there any exceptional features in this year's account, and if there are he should take note of them, and in considering the future year's income or expenditure, he should be guided accordingly. That has always been done; these exceptional items have always been noted, and I have heard, even in Parliament, that we ought not to include the expenditure on barracks as a charge of the year; but we have done it upon the principle which we have adopted in regard to those receipts.

9257. I suppose you will agree with me that it is not so much a matter of keeping accounts as it is a matter involving a very important financial principle, namely, the appropriation of money?—Certainly.

9258. And I am to understand you that any exceptional receipt, from whatever source, is always devoted to income, and never to reduction of debt?—If it be devoted to reduction of debt it should appear as a receipt of the year.

9259. *Chairman.*] I understand you to express this view, that all the receipts are put on one side of the account, and all the expenditure on the other; if there is a balance against the Government, and there is nothing to pay it, they will incur a debt; and if there is a surplus they will apply it in paying off debt, so that the incurring

incurring of debt on the one side, and the paying it off on the other is the result of the whole of the receipt and expenditure?—I would not go so far as to say that upon the transactions of the year they would either incur or pay off debt, but their balance would be diminished or otherwise.

9260. Having regard to the balance in the Treasury they would either borrow money or pay off debt, as the result of the whole of the transaction?—Yes.

9261. Therefore every transaction would be contributory, either to increase the debt, or to paying off the debt, according to the nature of the transaction; the Government does not incur or pay off debt on each particular item, but on the balance on the whole of the year?—Yes.

9262. Mr. *Fawcett.*] Putting it in another way, it comes to this, that extraordinary expenditure is paid for by borrowed money, and extraordinary receipts go towards income?—No, I have mentioned the expenditure on barracks, for instance, which comes out of ordinary income.

9263. All deficiencies have to be supplied by borrowed money, and all extraordinay receipts are put to income, are they not?—The principle laid down by the Secretary of State for India is, that extraordinary public works, which are likely to be remunerative, shall be constructed out of borrowed money, and that in regard to all other expenditure, it shall be so conducted that the charge shall be something within the income of the year.

9264. But taking the telegraphs of India, on which, I think, we annually lose 200,000*l.*, is that an extraordinary public work which is put down in that way?—At the time when that expenditure was incurred, there was no exception in regard to extraordinary public works.

9265. I mean the telegraph lately constructed; at the present moment that is involving a serious loss?—That is included in the ordinary expenditure.

9266. Take railways; for instance, when a railway was bought for 400,000*l.*, which does not pay its working expenses, I should presume that that is put down as extraordinary outlay?—No, I think it was not included in the extraordinary public works.

9267. Can you state positively how the fact is?—I cannot.

9268. Will you bring information on that point next time?—Yes.

9269. When you say that out of a great many of the extraordinary public works some may be remunerative, a great many have turned out certainly unremunerative, have they not?—No doubt.

9270. I suppose that the amount paid for Orissa irrigation works was a sum considered likely to be remunerative?—It was provided for by borrowed money, as being among extraordinary public works. I apprehend it will always be the case, that certain works will not pay directly.

9271. Therefore I am correct in saying, that what has actually happened is this, that you do borrow money to carry out public works, some of which are remunerative, and some of which are unremunerative?—No doubt of it.

9272. Referring to your railway receipt, I believe I am correct in saying that a certain receipt is put down in these accounts arising from the Jubbulpore branch of the East India Railway, which did not pay its working expenses; how much capital was spent on that railway?—I have not before me any paper to show that.

9273. *Chairman.*] Who is the responsible executive officer in the Home Government for conducting their business in relation to railways in India?—There is a Government Director of Railways, Mr. Danvers, who submits a report annually to the Secretary of State; there is also a Railway Department.

9274. Who is the head of the Railway Department in the India Office?—Mr. Thornton.

9275. Mr. *Fawcett.*] Who is primarily responsible, not for simply conducting the railway business, but for recommending the Government either to purchase a particular railway, or to guarantee 5 per cent. upon the outlay?—I think there is no individual upon whom you could fix that responsibility.

9276. You say that there is no individual responsible; is there a committee responsible?—The Secretary of State in Council, I apprehend, is alone responsible.

9277. But in such a question who would be his advisers?—The officers whom I have named; that is, the Government Director of Railways, the Secretary in the Railway Department, and the Railway Committee.

9278. Who is the Secretary of the Railway Department?—Mr. Thornton.

9279. And the Committee is a Committee of the Indian Council, of course?—Yes.

9280. Mr. *B. Denison.*] A changeable and fluctuating committee?—Changing yearly.

9281. Mr. *Fawcett.*] How many does the committee consist of?—Five members.

9282. I am at a loss to understand how this railway receipt has arisen; will you explain it?—The Government having paid 5 per cent. upon the capital, according to their guarantee of the Jubbulpore line, that being a branch of the East Indian line, and there having been an excess of working expenses over the traffic receipts in that particular half year, the Government had to receive from the railway company that amount.

9283. But then the Government does not work the line, does it?—No.

9284. *Chairman.*] The Government receives all the receipts, and pays all the expenses through its Treasury?—Under the contract the receipts are paid into the Government Treasury.

9285. Under the contract they are entitled to any excess of working expenses over traffic receipts?—Clearly, otherwise their guarantee would not be limited to 5 per cent.

9286. Mr. *B. Denison.*] That payment has reference to the actual cash payment, not a matter of account?—Quite so. I find that that payment for the Calcutta and South Eastern Railway was carried to public works extraordinary.

9287. Mr. *Fawcett.*] What I understand this receipt really to be is this, it represents the excess of the working expenses of the railway over the receipts?—Over the traffic receipts in that half year.

9288. Was this a receipt or repayment during the present year?—It was received in the year 1869-70, and brought to account in that year.

Mr. *Seccombe*, C.B.

4 July 1871.

9289. Then the mere existence of this sum conclusively proves that the line does not pay its working expenses, does it not?—It did not in that half year.

9290. Mr. *Dickinson.*] Did you explain the first item of 44,000*l.* for Indo-European telegraph?—No, because Major Champain attended at one of the last meetings of the committee to explain it.

9291. I see on both sides of the account an entry with respect to lunaties, about 8,000*l.* paid and 400*l.* received; what class of lunatics are those?—They are military officers and soldiers of Government who have become insane, and who are provided for by the Government.

9292. Is the Government liable to pay the expenses of those persons?—Yes.

9293. With respect to the item of repayment for clothing, is all the clothing of the troops in India provided by the Home Government?—All the clothing of the European troops is.

9294. And when a regiment goes there is the regiment charged with the value of the clothes it wears when it gets there?—From the moment that a regiment is placed on the India establishment, we pay the value of the clothing on their backs.

9295. And you receive the value of the clothing on the backs when they leave?—Quite so.

9296. Then the India authorities have nothing to do with the nature of the clothing, the materials, and so on?—It is obtained by us from the Imperial Clothing Department at Pimlico.

9297. If sometimes it has occurred that a regiment has arrived there in clothing too hot for the climate, and does not find its Indian clothing, whose fault is that?—I am unable to say who could be held responsible for any instances that may have occurred. If hereafter serge clothing is not ready on the arrival of a regiment in India, the responsibility will rest with the Government of India.

9298. Does the regiment leave this country with the clothes prepared in depôt before it leaves?—Yes.

9299. And arrives in India with clothing unfitted for the climate?—I do not say unfitted for the climate; it arrives in India with that clothing with which it starts.

9300. With clothing fitted for this climate?—Yes,

9301. Sir. *D. Wedderburn.*] Can you tell me how the expenses in connection with the observations of the solar eclipse in 1868 were apportioned between the Home and the Indian Treasury?—In equal portions, I think.

9302. The whole expenditure?—The whole expenditure.

9303. It says here: "Moiety of the expense incurred in England in connection with the observations?"—I am not quite sure; but I think I am right in saying that a moiety of the expense in India also was borne by the Imperial Government.

9304. A moiety of the whole expense incurred, both in England and in India?—Yes.

9305. Mr. *Dickinson.*] Did I rightly understand you that the cable first laid down for the British Government to Malta was taken round to Rangoon?—It was constructed originally for a line from Falmouth to Gibraltar, but being too heavy, it was agreed that it should be laid down at the joint expense of the Imperial and Indian Governments, between Rangoon and Singapore; it was shipped, but a portion of it in one ship became heated, and the cable had to be landed, and never reached Rangoon.

9306. Is there a cable now between Rangoon and Singapore?—I believe not, but am unable to answer confidently. It does not relate to my department.

9307. For all the expense connected with that the Indian Government have got nothing to show?—Certainly not for this cable.

9308. And eventually it was laid between Malta and Alexandria, at the expense of two-fifths to the Indian Government and three-fifths to the English Government?—Yes.

9309. Sir *S. Northcote.*] Do you think upon the whole that the system on which the accounts of receipts and disbursements are kept is a correct system; that is to say, carrying all receipts to one side, without attempting to distinguish between what is a receipt from capital, and what is a receipt in the nature of revenue?—Yes, I think it is the best way of keeping the accounts; but I think it is desirable that the accounts should be supplemented by information as to exceptional items, so that they may not mislead anyone not familiar with those accounts.

9310. If you attempted to keep distinct accounts upon the principle of separating what was capital from what was revenue, would there not frequently be confusion and opportunities for, to a certain extent, doctoring the accounts, so as to make them appear a little more favourable or a little less favourable?—I think that is almost inevitable.

9311. And therefore it is more convenient, and tends more to accuracy of information, that there should be one account at all events which shows the whole of the receipts on one side, leaving it afterwards to be distinguished by those who have the duty; which of them should be treated on the one principle, and which on the other?—I think so.

9312. Perhaps, as so much has been said about responsibility, it may be as well to try and clear that up. The ultimate responsibility for expenditure incurred by the India Office rests upon the Secretary of State in Council, does it not?—Certainly.

9313. The Secretary of State in Council has, however, recourse to advice, partly from a committee of the Council, and partly from executive officers?—Yes.

9314. Is it not sometimes the case that in special works involving engineering work or other peculiar kinds of work, he takes advice from persons outside the office?—It is so.

9315. When he does so that fact of course would be known to the executive officers, and to the committee of Council?—Quite so.

9316. And he would make use of the information so obtained in bringing the matter before them?—Yes.

9317. But that does not relieve him of the ultimate responsibility of the decision?—Certainly not.

9318. Mr. *J. B. Smith.*] You were asked about the Orissa works which were put in your accounts as a reproductive work, and have as yet produced *nothing*; is that the case?—It was placed among expenditure on public works extraordinary,

ordinary, irrigation works being so regarded in the orders of the Secretary of State in Council.

9319. As those works are not completed it is not fair to judge whether they will be reproductive or not, is it?—No.

9320. Mr. *Lyttelton.*] Under what heading in the accounts do we find the proceeds of the sale of the telegraph, the two-fifths?—There is only the sum of 10,091 *l.* in 1869-70 on account of rents; in former years other sums have been brought to account.

9321. That is a proportion of rent?—Yes; the purchase money is about to be paid; it will come into the account of 1871-2.

9322. Mr. *Candlish.*] In the account before me there is a sum of 17,000 *l.* as the value of clothing transferred from the Indian to the British establishment?—Yes.

9323. That is the clothing of soldiers from India?—Yes.

9324. How is that realised; what do you do with it?—For the clothing which remains with the regiment we are credited by the War Office with the value. So far as relates to any articles sold they are disposed of by our Store Department and the amount brought to account.

9325. As a rule, the clothing coming from India will not be available for use here, will it?—It rests with the Imperial Government to determine.

9326. You say there is no capital account in India; you merely mean by that, I presume, that it does not enter into the annual balance sheet; there will be an account of capital belonging to the Indian Government in India, will there not?—I believe that that account is no longer kept. There used to be an account termed "Dead and Quick Stock," and I think it was given in evidence by Mr. Harrison, the Comptroller General of Accounts, who is more competent to speak on that point than I am, that that account has been discontinued.

9327. Where you have railways and telegraphs and land in India, have you no account of those?—No.

9328. Neither here nor in India?—If I understand your question rightly, it is, Have we anything like an account of capitalised value, and to that I answer, No.

9329. What account have you; have you some account?—Of course there are, in regard to lands, records which show the assessment.

9330. Would not such an account as I have been indicating be a very useful account?—It was not found to be so.

9331. Then you have no record of the value of your property in India?—I think that I am right in saying that there is not any record of the value of our buildings.

9332. Neither here nor in India?—No.

9333. I mean railways and telegraphs also, besides buildings?—I think none.

9334. *Chairman.*] Will you be good enough to turn to the beginning of the Account, at page 2, to the heading, "Debt Incurred.—India 4 per Cent. Stock.—Sale proceeds, 4,039,412 *l.* 10 *s.*;" before that there is an item of "Balance on the 1st April 1869, 3,025,981 *l.* 11 *s.* 2 *d.*;" what does that represent?—It represents the balance in the Home Treasury on that day, including any loans made from the cash balance which were outstanding at the moment.

9335. That includes not merely the cash, but all the money available at the disposal of the Secretary of State for India in Council at that date, whether out on loan or obtainable on demand?—Yes.

Mr. *Seccombe*, C.B. 4 July 1871.

9336. Mr. *B. Denison.*] Is the balance a fluctuating amount, or is it pretty evenly what it appears here, 3,000,000 *l.*, because I have gone through the accounts of several years past and I have taken the trouble to excerpt a statement, and I find that for the last few years the balance does come out pretty much the same sum, 3,000,000 *l.* Is the balance kept up nominally at the minimum sum of 3,000,000 *l.*?—We consider that about 3,000,000 *l.* is the amount which at the commencement of the year the Secretary of State should have in his treasury.

9337. Have you a special arrangement with the Bank of England or with your bankers as to the minimum balance that should be retained?—There is an understanding that our minimum balance should be half a million.

9338. And practically it is from two to three millions at all times?—At the time that it appears here as 3,000,000 *l.*, it is probable that one-half, in fact as much as we could lend advantageously at the moment, was out on loan.

9339. Referring back for the last seven or eight years to the amount of balances, going back as far as 1863, the balance was then upwards of 5,000,000 *l.*; in 1864, 4,500,000 *l.*; in 1865, 4,000,000 *l.*; in 1866 close upon 3,000,000 *l.*; in 1867 upwards of 4,000,000 *l.*; and in the later years it has been about 3,000,000 *l.*; and in those former years the amount of interest on the floating balance used to be very much larger than anything it is at the present time; it has been as high as 125,000 *l.* for two years in succession, then 79,000 *l.*, then 38,000 *l.*, then 27,000 *l.*; I want to know what is the arrangement that you now have with the bank regarding the investment of the floating balances?—The bank has nothing to do with our investment of the balance; that is lent by ourselves upon Government securities; with regard to what the bank has to do, our arrangement with the bank is, as I said before, that we shall maintain a minimum balance of 500,000 *l.*

9340. When the sum exceeds that, are special orders given regarding the investment, or has that to be done through the broker at the India Office?—Yes, through the broker.

9341. The amount of interest which is yearly drawn upon those investments, is a matter of separate account, and has nothing to do with the banking account?—Nothing whatever; it is brought to credit in this way.

9342. There is one other question connected with the balance; when you have received into the India Office a sum of money on the sale of your bills, those bills are very often retained for long periods of time in the hands of money speculators in the City of London and elsewhere. Is there at the moment, or immediately after, any corresponding communication made to the Government in India directing them to debit themselves with the amount which you have obtained in London?—The Government is advised beforehand of the probable drawings in each month, and immediately the bills are drawn the advices are sent to them by the succeeding mail.

9343. I will put it in another way; taking the Finance Minister's exposition of the Accounts of 1869-70, I find the balance in England, 3,026,000 *l.*, in India, 10,175,000 *l.*; it might

Mr. *Seccombe*, C.B. 4 July 1871.

be possible under the present system that that 10,000,000 *l.* which appears as a cash balance in India, on that date, the 31st of March, is debitable with either 1,000,000 *l.* or 2,000,000 *l.* of money which has already been paid into the Treasury in London?—Certainly it might be if the bills were not presented.

9344. Then would not that derange the actual disposable balance at the disposition of the Government of India?—I think not, because the Government of India would know that they must regard that 2,000,000 *l.* as unavailable for any purpose, and as what may be demanded at any moment, as the bills are payable on demand.

9345. Then you see no advantage in so exhibiting the accounts as to show the amount of these bills, which may be said to be in transit after they have been sold in London and have not been debited in India?—I do not see in what accounts it could be done usefully. The Government of India is the only authority concerned, and they are fully informed of what they have to meet.

9346. Mr. *Cave.*] There is no interest received on this balance, or any part of it at the bank, I suppose?—No interest. I ought to state, that the bank renders us great facilities in our transactions, for which they charge us nothing; there are certain other portions of our business for which we pay the same as the Imperial Government.

9347. Mr. *Candlish.*] If you have 3,000,000 *l.* of cash balance who determines that you may invest a million of it?—The chairman of the finance committee, in communication with myself and the Accountant General and the broker.

9348. Have you any rule by which you determine what balance shall be in the bank?—No, we have no rule; we consider that our balance should be increased if we find our payments are becoming heavier.

9349. *Chairman.*] It is usual for you to have a balance of 3,000,000 *l.* at the beginning of the year; has that reference to any particular class of payments to be made just then?—Generally, with reference to the magnitude of our transactions, we consider that our Treasury should never be lower than about 2,000,000 *l.*, but the beginning of the official year is not a period of heavy payments; our heaviest payments come in July and January, and therefore we increase from 3,000,000 *l.* in April up to the larger amount by July.

9350. Mr. *J. B. Smith.*] Do the bank charge you any interest when the balance is below 500,000 *l.*?—There have been instances in which, when our balance has been low, we have requested the bank to make us a loan of half a million or a million at a certain rate, and that has been done.

9351. But you say that you always have 500,000 *l.* in the hands of the bank?—That is the understanding.

9352. Is that a part of the compensation which the bank receives for doing your business?—I presume it must be so regarded.

9353. Do they not, besides that, make you a charge for doing their business?—For doing certain portions of our business they do; that is, for the management of our debt; but that is distinctly provided for in the same way as the management of the debt of the Imperial Government, and at the same rate, 340 *l.* per million.

9354. Then the sole profit that the bank gets upon your account is the deposit of this 500,000 *l.* free of interest, and they transact your business for that sum?—They do.

9355. I see a sum of 13,600 *l.* paid to the bank; is that for the management of the debt?—Yes.

9356. Mr. *Crawford.*] Are you not going very largely to avail yourselves of the services of the bank in paying the dividends in another manner, namely, to send them through the post, and distribute them to the public?—Yes; and our bills are drawn by the officers of the bank without any charge to us.

9357. Mr. *Candlish.*] What will be your average balance at the bank; can you give me an approximate figure?—I am unable to state it.

9358. Would it be a couple of millions?—No, not so much as that; at the present moment, I think, our balance at the bank is about a million and a half, but we have heavy payments immediately before us, which will reduce it greatly.

9359. Will the average be a million?—I should think not of cash.

9360. If it were a million at 2 *l.* per cent., that would be 20,000 *l.* a year?—Yes.

9361. You reckon it at 2 *l.* per cent. with the bank, do not you?—Their discount rate is at the present moment 2½.

9362. Mr. *Crawford.*] Have you any means of forming an opinion on that point?—No.

9363. Mr. *Fawcett.*] We understand that these are the terms on which you carry on your business with the bank: you are bound to keep a deposit of 500,000 *l.*; however large your balance is beyond that (and sometimes it amounts to two millions), you do not get a shilling of interest, and if ever it sinks below 500,000 *l.* you have to pay interest?—No, that rule is not rigidly observed by the bank; it is an understanding, but we have been occasionally below 500,000 *l.*, and have had no charge made.

9364. However, it is an understanding, that however greatly your balance exceeds 500,000 *l.*, you do not get any interest?—We do not.

9365. And it is an understanding, that if it falls below 500,000 *l.* you have to pay interest?—If it were likely to be below 500,000 *l.* for a considerable period, our course would be to ask the bank to lend us half a million for a certain time.

9366. Mr. *Crawford.*] Have you ever had an application made to you by the bank, for interest due to them, when your account has been below 500,000 *l.*?—No.

9367. Mr. *Fawcett.*] But when it gets below 500,000 *l.*, do not you, as a general rule, apply to the bank for a loan?—It is very rarely that it is below 500,000 *l.* Of late years we have not had occasion to obtain a loan from them.

9368. Mr. *Beach.*] If you were likely to need a considerable sum, you would ask for a loan?—Yes; if to day we saw there was a probability of our balance falling to 200,000 *l.*, or 300,000 *l.*, for any length of time, we should ask the bank to lend us 500,000 *l.* for a limited term.

9369. Mr. *Fawcett.*] But suppose your balance was likely to be 1,500,000 *l.* for three months, you would not get any interest for the extra million?—We should hope to do so by lending it.

9370. Sometimes,

9370. Sometimes, however, you have it in the bank?—Only when we cannot lend it.

9371. *Chairman.*] You do not hold yourselves obliged to keep the cash there, if it exceeds 500,000 *l.*?—We do not.

9372. Mr. *Fawcett.*] Are weekly statements similar to those published by the British Government, published by you as to the deposit account with the Bank of England?—No, not any.

9373. Do you think there is any objection to that?—I think it might possibly affect the terms on which we borrow, and therefore it is not to be desired in the interests of India.

9374. But would it affect the terms on which you borrow, more than it affects the terms on which the English Government negotiates their Exchequer Bills?—I am unable to say how far it affects them. No doubt we should be reluctant to do it, if we could avoid it.

9375. Mr. *Cross.*] What is the amount of your turn-over in the course of a year?—All our disbursements go through the Bank; they vary from 13,000,000 *l.* to 17,500,000 *l.*

9376. For which the Bank charge you nothing?—They charge us nothing, and they give us great facilities for the transaction of our business.

9377. Do they make payments for you in India?—No; only in this country.

9378. But they do afford you very great facilities?—Great facilities.

9379. Perhaps you can explain to the Committee the general nature of the facilities which they do afford you in that way?—The Governor and Deputy Governor of the Bank, twice every month, allow us to receive at the Bank the tenders for bills, which are opened in their presence, which fact becomes known, and no doubt tends to give confidence to the public, who make those tenders. Their officers draw those bills, and they charge us only for the stamps; they pay the coupons on our bonds and debentures, without any charge; and in all questions of difficulty as to rates of exchange, or borrowing, we have the great advantage of the opinion of the Governor and Deputy Governor of the Bank at the time.

9380. In fact they give you every possible assistance in their power?—They do.

9381. *Chairman.*] Do you keep your accounts in any special form with the Bank?—No.

9382. Have you one general cash account?—We have three accounts; a cash account, a drawing account, and a bill account, and when necessary a bond and debenture account.

9383. And are all the payments in detail drawn upon the Bank?—Yes, our cheques are drawn at the India Office and cashed at the bank.

9384. Is every small payment made by cheque upon the Bank of England?—All, but small amounts.

9385. Mr. *Cross.*] Down to what amount are the payments made through the Bank?—There is no minimum fixed; as a practice we do not draw cheques below 20 *l.*

9386. *Chairman.*] The money is always disbursed directly from the Bank of England?—Yes, for cheques.

9387. Mr. *Cave.*] Can you draw upon your balance without notice?—Yes; communications are made every day to the Bank, as to the amount that will be drawn.

9388. You give no more notice than that?—No.

9389. Mr. *B. Denison.*] In order to keep up this nominal balance of three millions, you do, as a matter of fact, sell bills in every month of the year?—Yes, unless the Government of India should apprise us that they are unable to meet the bills, from any circumstances, for a time; and unless the rate of exchange should become so unfavourable that a bullion remittance would pay us better.

9390. But the rate of exchange being now something like 7 per cent., or 1 *l.* for every farthing to the rupee, is it not a very costly way of keeping up this balance, that you are drawing on India at all seasons without reference to the rate of exchange?—It is considered to be the best and most favourable mode in which we can obtain our remittances. The Court of Directors of the East India Company adopted other modes; one by making advances upon goods, another by keeping their treasury open at all times for the receipt of money for bills; but they found that that did not answer, and we regard the new system that we have introduced as a very successful and satisfactory one.

9391. Mr. *Crawford.*] The new system gives great satisfaction to the public, does it not?—Yes.

9392. Any person desiring to remit money to India, if the amount exceeds 5,000 rupees, can tender by himself or his agent for a bill to that amount?—Yes, the minimum bill is 5,000 rupees, but the tender must be for 10,000 rupees.

9393. Mr. *Fawcett.*] We are to understand when you said that it gave great satisfaction to the public, that you meant the mercantile community of London, and not the Indian people, I presume?—I have never heard of any dissatisfaction caused to the people of India.

9394. Mr. *Crawford.*] Is not the satisfaction given to the public a very great assistance to the Government in obtaining their supplies of cash here?—We have always so regarded it.

9395. *Chairman.*] You see an item in the account of "bills" of exchange on India, 6,980,121 *l.* 11 *s.* 8 *d.*; is that the amount that was necessary to be drawn in the year to supply the funds for the expenditure in England?—It was.

9396. How is that amount generally ascertained by the Government of India?—About Christmas in every year, the Secretary of State sends an estimate to the Government of India of the home expenditure in the year beginning on the 1st April following; that estimate contains any probable receipts from the Imperial Government; and it shows what sum must be provided to maintain the cash balance that is considered necessary. The Secretary of State then informs the Government of India what sum will be borrowed in England, and how much will be obtained for bills on India.

9397. Supposing there be a deficit in the expenditure for the whole year, it is then necessary to consider whether the sum shall be met partly by bill, and partly by loan, or entirely by bills?—Quite so; and the estimate is sent out about Christmas, in order that before the budget statement is made, and the financial questions involved in that statement are considered by the Government of India, they may see what transactions in England have to be provided for.

9398. Then there is some established system

Mr. *Seccombe*, C.B.

4 July 1871,

on which the bills are drawn in this country; are there any public rules?—An advertisement is published every fortnight of the amount that will be drawn, and tenders are invited, and received at the Bank of England.

9399. Are you aware whether there was much discussion some few years ago, respecting the various methods of placing the Government of England in funds, and that it was finally determined that drawing bills was the best method?—It is a question that is always pressing anxiously upon the attention of the Secretary of State in Council; some few years ago, the rate of exchange fell so low, that we had to write to the Government of India, telling them to prepare themselves for making advances upon goods, a plan which in ordinary times is not thought to be a good one.

9400. Formerly, they were in the habit of using that mode?—They advanced on goods, but it proved to be very unsatisfactory; and for a time after the termination of the East India Company's Commercial Charter, they had to maintain a special and expensive establishment, in China, in order to remit from thence half-a-million a year.

9401. Was it on full consideration of the difficulties of that mode of proceedings that they determined to give up the practice of remitting and to confine themselves exclusively to the practice of drawing?—It was.

9402. Has that question been reconsidered in late years as to the general practice of remitting instead of drawing?—Yes; when the exchange fell about five years ago very low, as I mentioned before, the Secretary of State sent a dispatch with rules for making advances to the Government of India, but, fortunately for us, the exchange became favourable, and we were able to obtain our bills as before.

9403. It is still the practice, unless the particular circumstances of the exchange render the contrary necessary, for you to limit yourselves to drawing bills?—Yes.

9404. And are these bills drawn at regular intervals throughout the year?—Twice a month; on the first and third Wednesday in each month the tenders are received.

9405. Are these bills drawn in this way, upon the principle that the Government ought not to speculate at all upon the exchanges, but to have some regular system, so as not to interfere with the ordinary operations of commerce?—Yes.

9406. In order that the mercantile community and the public, generally, may carry on their affairs with a knowledge of the operations of the Government?—Yes.

9407. Do you know whether any examination has been made to find out whether this or the whole has turned out to be the most satisfactory mode of having funds placed in this country?—I am hardly aware what examination could be made of the matter; we occasionally consider the whole question in all its bearings.

9408. Have you had to make any bullion remittances lately, in consequence of a special rate of exchange?—Yes, we have in consequence of the exchange falling.

9409. Whenever the exchange reaches that point, the subject is considered of a remittance to adjust the exchanges?—Yes.

9410. Mr. *Fawcett.*] I understand from you that at Christmas, the Home Government send out to Calcutta an estimate of what they will require for the financial year ending the first of April following; therefore, what they really send out to India is the actual expenditure for three quarters of a year, and the estimated expenditure for the remaining quarter?—No, it is entirely prospective, it is for the year beginning on the 1st April following, and terminating on the 31st of March in the next year.

9411. Therefore, the whole of this estimate is entirely prospective?—It is.

9412. That I suppose is one great cause of the uncertainty in the financial statements of the Indian minister, is it not, that, taking what you sent out as an estimate, often the actual expenditure turns out to be a great deal more or a great deal less?—Like all estimates, it is subject to fluctuation in the result.

9413. But why is it absolutely necessary, considering that we have the telegraph and can communicate with India directly, that you should send out estimates so long before the time?—For the reason that I gave just now, that the Indian minister requires that information in order to ascertain what he has to provide for in the coming year; in making his budget statement in the month of March, it is absolutely necessary that he should have that information.

9414. But what I mean is this; supposing there is anything that affects the expenditure or the revenue up to the very day before he introduces his budget, he can calculate that; but you send your estimate out three months before, and that of course introduces a great additional element of uncertainty?—If there were any probability of an important deviation from it, we should apprise him of it immediately.

9415. Has that often been done?—It is rarely found to be necessary.

9416. But as a matter of fact, have our estimates usually been correct?—As correct as estimates generally are.

9417. As correct as the English estimates?—Quite so. Lord Mayo recently called attention to them in the Legislative Council in Calcutta. He showed that although the Indian estimates had been so much condemned, they bore a very favourable comparison with the estimates of the Chancellor of the Exchequer, in the House of Commons.

9418. Mr. *Grant Duff.*] I believe you have prepared a Statement in regard to that; perhaps you will put it in for the information of the Committee?—Yes.—(Vide *Appendix.*)

9419. Mr. *Fawcett.*] To bring it out in evidence, could you mention any general facts that may be deduced from it?—No, I am not aware that there is anything to be deduced from it other than this, that however carefully an estimate may be prepared, events may defeat the calculation of the person who made it.

9420. Mr. *B. Denison.*] It is not so very difficult to form an estimate within a margin of 3,000,000 *l.* of money, which is the balance that you start with?—We should consider our estimates exceedingly defective, if they were not very much within one million.

9421. You always have that balance of two to three millions as a margin?—I am afraid that I have not made it very clear of what nature our estimate is. We give, under every general head of expenditure, the amount which will have to be incurred, and the deviation from that estimate, unless it be under some exceptional circumstances, is usually slight.

9422. Mr.

9422. Mr. *Fawcett.*] But that return, in order to be complete, ought also to contain what is the variation in your cash balances at the bank?—Our cash balance at the bank, of course, is varying continually, from the magnitude of our transactions, and also from the uncertainty of some of those connected with railways.

9423. Supposing that your expenditure exceeds your estimate by a million, is there anything in your return to show that you have provided for that extra expenditure, out of cash balances?—It follows that we must have done so.

9424. But you having done so, would the return show that the expenditure had really exceeded the estimate by a million?—We present to Parliament the estimate and the account; the difference between the two is explained in these Papers which are before you, in which all the Home Accounts appear.

9425. But I mean would the Papers laid before Parliament show, in order to correct the error in the estimate compared with the actual expenditure, how much it had been necessary for you to draw from your cash balances?—It would only be seen on a comparison of the cash balance, as shown in the estimate and the account.

9426. From the Papers one could deduce that for himself without coming to you, or to the India Office, and asking for any additional information?—Yes, from these Papers.

9427. Mr. *Cave.*] Your cash balance and your estimates have nothing to do with each other?—Nothing.

9428. It is only an accident that the cash balance is called upon to rectify an error in the estimates?—Yes.

9429. Mr. *B. Denison.*] This system of drawing bills on India must be now of a good many years' date, is it not?—Yes.

9430. It originated, did it not, prior to the time in which there was direct telegraphic communication with India?—Not the present system. The system of the Court of Directors in the period to which you refer was that of keeping their treasury open at all times, and they merely advertised from time to time a raising or lowering of the rate of exchange; that was found to be attended with great inconvenience. Our present system dates from the year 1862, when tenders were first invited.

9431. Supposing that you desired to alter the present system, apart from the gentlemen whom you have named as being the regular advisers in these matters, should you think it necessary to take counsel of great bodies like the Bank of England or other financial persons in the City of London?—As a rule, I think I may say that in all those matters the Secretary of State consults the Governor and Deputy Governor of the Bank of England.

9432. Have you had under consideration at any time since telegraphic communication has been established, the advantage of from time to time directing the Governments in Calcutta and Bombay to buy bills upon London through the medium of the bank?—We know that they are fully alive to that necessity or to the desirability of doing so, if it could be done on more advantageous terms than those on which we draw.

9433. You are not of opinion that the present rate of exchange is abnormal; am I not correct in saying that it is about 7 per cent.?—We are drawing our bills now at 1 *s.* 10¾ *d.*

9434. You are decidedly of opinion that you could not change the present system with pecuniary advantage to the finances of India?—That is our opinion, and it is an opinion formed after much anxious consideration, because we know that there is a risk at any time of our being cut off from this mode of remittance.

9435. Have you within the last four or five years had remittances of bullion?—Yes, in 1866 and 1870.

9436. *Chairman.*] Will you direct your attention, if you please, to the item of "India 4 per Cent Stock, Sale Proceeds," 4,039,412 *l.* 10 *s.*, and state to what that item refers?—That is the amount which we found it desirable to borrow in this country, in consequence of the Government of India, during the year, having requested us to cease drawing, or to draw for a less amount than that which we had originally required them to provide for. The sales of stock were consequently increased, and we were thus enabled to relieve the Government of India from a pressure which they would have found inconvenient.

9437. Then, by "Sales of Stock," you mean that you raised a loan for that amount?—Yes; we increased our debt to that extent.

9438. Was it all in one stock?—All 4 per Cent. Stock.

9439. What do you call the stock?—It is India 4 per Cent. Stock, raised under the authority of different Acts of Parliament; it is recorded at the Bank of England, and dealt with in precisely the same way as the Consolidated or Reduced Annuities.

9440. Mr. *B. Denison.*] Is the interest payable in either country?—Only in London.

9441. Mr. *Cave.*] Is it issued at par?—It is issued at par or above par.

9442. Mr. *Crawford.*] I think your powers were a year or two ago exhausted, and application was made to Parliament to grant the Secretary of State power to borrow a sum of 8,000,000 *l.*?—Yes.

9443. But it was an understanding that part of that money was to be applied to the construction of the Government railways in India?—Yes; and extraordinary public works generally.

9444. Will you describe the practice which you follow in taking that money up in the market; you first instruct, I think, the Governor of the Bank of England to create stock for a certain amount?—Yes.

9445. That is to say, to raise stock in their books?—Yes.

9446. What do you do after that?—Then, the stock being raised, it is sold as favourable opportunities offer by our broker, we taking care not to sell so rapidly as to depreciate the value of the stock, and by that means we obtain a favourable loan.

9447. And how often does that operation occur?—It is almost continuous.

9448. From month to month?—From month to month.

9449. £.200,000 or 300,000 *l.* a month?—Sometimes 200,000 *l.*; if we see that the market is rising, we instruct our broker not to sell until he gets a more favourable rate.

9450. And you generally get one price; that is, you get par?—We are selling above par.

9451. What are you getting at this moment?—We are getting at this moment 101½; that is, about 1 per cent. being absorbed by the interest of it, we have a premium of about a half per cent.

Mr. *Seccombe*, C.B.

4 July 1871.

9452. The transaction is, so to say, as far as regards the market generally, entirely a private one between the office, the broker, and the buyer?—Yes.

9453. It is not offered in the market in large amounts?—It is not.

9454. You think that it would be prejudicial to the price that would be obtained if the Government came into the market less frequently and with larger sums?—We do think so certainly, and experience has proved it. In the year 1859–60, in which we were dealing only with 5 per Cent. Stock, on the 23rd of August we issued on tender stock at the rate of 97, and under the system I have just been referring to, we obtained 102*l.* 10*s.*

9455. Did you obtain 102*l.* 10*s.* in 1859?—Yes, for 5 per cent; again in 1860–61, we obtained 104*l.*, within a fraction, and for that issued on tender we only got 98*l.* 14*s.*

9456. For the same stock at the same time?—Yes, and I have particulars for other periods showing the operation of the two methods, with a similar result.

9457. How much of the last Parliamentary authorised stock, of 8,000,000*l.* remains still to be sold?—In round numbers about 4,000,000*l.*, I think.

9458. Mr. *Fawcett.*] May I ask you if you can explain how it is that you can sell this 4 per Cent. Loan at 101½; is it because it is a Parliamentary loan that you can sell it at 101½, while 5 per Cent. Stock stands, at the present moment, at about 109?—I can only explain it so far that it is, I think, justly regarded by the public as a very good security, and it has the advantage of being dealt in at all times, and recorded in the books of the Bank of England in the same way as the Government Stocks.

9459. But I am afraid that the public are deluded; is not the security exactly the same in every respect as the security of the Indian 5 per Cent.?—The security is the same in regard to the 4 as to the 5 per Cent. Stock, but the latter may be paid off in 1880. In the case of the Indian 5 per Cent. Rupee Paper, you can only obtain your interest in India; you have all the difficulties of exchange.

9460 But allowing for that, the Indian 5 per Cent. Loan returns a considerably larger interest than these 4 per Cents.?—The India 5 per Cent. Stock returns a larger interest, but the Stock may be paid off at par in 1880.

9461. Mr. *Crawford.*] Is not the price of the India Rupee Loans very much governed by the periods in which they come in course of payment?—Yes.

9462. You have a large loan coming in course of payment very shortly, I believe?—Yes.

9463. When?—In January 1872, we have the option of paying off in India the 5 per Cent. Loan of 1856–7.

9464. Of course the option of a 5 per Cent. Loan in stock which comes in course of payment in a few months must be very different from that which has 15 years to run?—Undoubtedly.

9465. As to these loans that you are now making in London under Parliamentary sanction, at what periods are they redeemable?—The 4 per Cent. Loan in 1888; not before.

9466. Mr. *Fawcett.*] You do not think, do you, as to this particular loan which was raised by the authority of Parliament, that the fact of Parliament giving its sanction to the loan, imposes upon the English people any greater obligation to pay the interest on it, supposing India could not pay it, than it does to pay the interest on the rest of the money which India borrows?—That is a question which I think I can hardly answer; it certainly is not legally imposed upon them.

9467. I once heard a very eminent official at the India House say, that he thought England was morally bound to pay; and what I am afraid of is, that while this loan stands at high prices, from the fact of Parliament giving a sanction to it, the public believe in our moral obligation to pay the interest of it?—I think that Indian official to whom you refer could hardly have been in the Financial Department.

9468. Perhaps you would rather not give an opinion upon the point, but I think it is a very important thing to get at, because a great deal of trust money is invested in that; you do not think that the mere fact of Parliament allowing this loan to be raised imposes any moral obligation upon the English people to pay it?—No, I think not; but it imposes a certain amount of responsibility on Parliament, I apprehend, to see that India is so governed that the creditors shall have good security.

9469. Mr. *Crawford.*] The authority granted by Parliament to the India Office to borrow money in this country is no more than the authority granted by Parliament to a railway company to borrow money, is it?—No.

9470. Mr. *B. Denison.*] The courts of law are now permitted by statute to invest money in Indian loans, are they not?—They are; there is a special Act for that purpose.

9471. Would there be any objection to lay before the Committee a tabulated statement, showing for a given number of years, say, the last 10 years, the amount of money that has been drawn upon India, and the rate at which it has been drawn?—None whatever.—(Vide *Appendix.*)

9472. Mr. *Fawcett.*] Should you have any objection to lay before us the weekly amount of the cash balances at the Bank of England for the last year?—Certainly not.—(Vide *Appendix.*)

Friday, 7th July 1871.

MEMBERS PRESENT:

Mr. Ayrton.
Sir Thomas Bazley.
Mr. Beach.
Mr. Bourke.
Mr. Candlish.
Mr. Cave.
Mr. Cross.
Mr. Charles Dalrymple.
Mr. Beckett Denison.
Mr. Dickinson.
Mr. Grant Duff.
Mr. Eastwick.
Mr. Fawcett.
Mr. Robert Fowler.
Mr. Hermon.
Mr. Lyttelton.
Mr. M'Clure.
Sir Stafford Northcote.
Mr. J. B. Smith.
Sir David Wedderburn.
Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. JAMES GEDDES, called in; and Examined.

Mr. *J. Geddes.*

7 July 1871.

9473. *Chairman.*] WHAT has been your occupation in connection with India?—I have been in the Bengal Civil Service since 1861, and I have resided in India since 1861.

9474. Are you still in the service?—Yes.

9475. And you are at home on leave?—On furlough.

9476. Mr. *Fawcett.*] I believe that you were sent down to Orissa to administer relief in the famine there, were you not, in your official capacity?—Yes. I was sent with special powers, as collector and magistrate in the three districts of Orissa.

9477. You obtained your appointment, did you not, through open competitive examination, in which you occupied the first place in the final examination?—Yes.

9478. Have you anything to tell the Committee about the famine in Orissa, and its causes?—Among the different antecedents, variable and invariable, which led to the famine, the chief antecedent which could have been varied has never, I think, been sufficiently adverted to, and that antecedent was the weight of the Government taxation.

9479. I suppose, when you say that the famine was caused by the weight of Government taxation, you mean that the province of Orissa was depleted of produce, which was exported to pay the Government taxes?—It was so. The food reserve of Orissa was unduly depleted in 1865, and had been normally depleted unduly in each of many previous years. When a short monsoon came it resulted in very severe famine.

9480. The idea that you wish to convey is, that considering that there are, at periodic intervals, unfavourable seasons in India, it is customary to keep stores of food, and these stores of food were exhausted in order to pay the taxes?—That the food reserve of one year, the proceeds of the crops of one year being sold off to pay the taxes, insufficient was left for the following year in which the rains might fall short.

9481. Then, according to your ideas, increasing exports are by no means a conclusive test of the prosperity of India, but rather the reverse?—Often the reverse of prosperity, because the exports are very largely compulsory.

9482. That, in fact, the more taxation increases the more exports would increase, in order to pay the taxes?—Yes. Of course the exports would increase otherwise, and I do not attribute the whole of the increase of exportation to the increase of taxation, but I do attribute a large portion of it to that cause, and I demur, therefore, to the inference usually drawn from increasing experts and increasing imports.

9483. But we have been informed that the famine was due to a want of irrigation in Orissa, and that that want will be likely to be supplied by the carrying out of certain works, which are known as the Orissa Irrigation Works. Do you agree with that opinion?—Yes, the country would be much benefited by the irrigation works provided, that is, that the cost of the irrigation works be not defrayed by Orissa.

9484. But are these irrigation works likely to prove remunerative, or are they likely to throw additional taxation on the country?—Additional taxation over India, do you mean.

9485. Yes?—Whether on Orissa or not specially, yet certainly on India, and with India, of course on Orissa.

9486. But then do you think that they are permanently likely to prove unremunerative, or do you incline to the opinion previously expressed, that they have been carried out so incompletely that you cannot tell yet whether they will prove remunerative?—There is quite enough to enable one to tell whether they will remunerate, whether they will bear even their interest charge.

9487. Then you wish to express the opinion that already enough of these works is in operation to enable an opinion to be formed, whether they will be ultimately remunerative or not?—That is so.

9488. What is your opinion then, judging from the parts of these works that are already in operation,

Mr. *J. Geddes.*

7 July 1871.

operation, as to their future chance of being remunerative or unremunerative?—That they will not be remunerative. A million of money has been spent, and the works have been carried on over 10 years; I should doubt very much if the works which are completely finished would yield an income sufficient to pay the repairs or the working establishment or both.

9489. Do you think that that part that has been finished, forms a fair average sample of the returns likely to be yielded by the whole works?—I do; and the works have had the benefit of official influence, and of all the official encouragement which could be secured, so much so that I remember a leading zemindar in Orissa objecting, before the Famine Commissioners, to the then Commissioner of Orissa as being what he called stony-hearted, in this way, that he wished the water to be taken on terms which, according to him, would not pay the cultivator.

9490. Then what your evidence would lead to is this, that a million has been spent by Government in these irrigation works, and that the return will be not more than sufficient, even ultimately to cover the working expenses and the necessary repairs, and will not return anything of interest?—Will not suffice to pay the working repairs and the working establishment, and will therefore yield nothing for interest.

9491. Have you ever made any comparison from official and historical documents, as to the frequency of famines under native and British rule?—I have inquired into that very carefully.

9492. And what is the result of those careful inquiries?—My impression is that famines have been on the increase under English rule. That is not the general opinion among officials in India, I should add.

9493. On what do you base that opinion; to what cause do you attribute this increase of famine?—Many things, such as these. In looking at the history of the old famines for example, which is told in Hunter's "Annals of Rural Bengal," you find that he speaks, if I remember rightly, of a mortality of 10 millions in the famine of 1770, of a third of the whole population having been cut off. If you try to verify that extraordinary statement, it seems difficult to suppose that society could have gone on after a loss of 10 millions of people; that a population of 30 millions could have carried on any kind of social order, after a loss so great as 10 millions of people. It seems difficult to suppose that the meteorological conditions of the famine of 1770 could have been so universal, that they could have affected all Bengal, dry parts and wet parts, so very much and so uniformly, as to cut off so many people. Accordingly, on referring to the authority on which Dr. Hunter bases the statement, I find that it is merely a casual statement in a report of Warren Hastings, in which the Governor is making returns of the revenue, and those returns of revenue certainly do not bear out the statement that a mortality so great as 10 millions existed. For example, I have notes of the figures of the remissions, showing the extent to which the revenue fell short in that year. The net collections are returned in that very report of Warren Hastings which Dr. Hunter quotes in 1768-69, at 1,052,000 *l.*, in 1769-70, the year of the dearth, at 1,031,000 *l.*, in 1770-71, the year of famine and mortality, at 1,040,000 *l.*, and in 1771-72 at 1,053,000 *l.*

9494. Then what you think those figures show is that the famine could not have been severe, because practically from the figures which you have quoted there was no remission of revenue, or scarcely any remission of revenue?—The collections were very severe, and Warren Hastings, in explaining why he could not send home enough to pay the dividends; the pressure was very great to find revenue, and yet notwithstanding so great hardship the remissions granted only amounted to this trifle. Now the statement as to a third of the population having died is only a casual statement, controverted on the very face of it by the fiscal statements.

9495. You want to convey the idea, that if anything like a third of the population had died, or if the famine had been as severe as it was lately in Orissa, there would have been a great remission of revenue?—Yes, much greater than the figures quoted by Dr. Hunter would indicate.

9496. Was there a very considerable remission of revenue in the Orissa famine?—I have not the figures of the remission separately, but the figures of the famine of Bengal and Ganjam in 1866, purport to show the sums spent or remitted by Government as being 316,000 *l.*

9497. Which was a much greater remission than that in the famine which took place in 1770?—Much greater in proportion, Orissa and Lower Bengal are given at 249,129 *l.*, that is spent or remitted, spent, that is to say, in relief, or remitted in revenue. The corresponding sums mentioned by Dr. Hunter, are those I wish to contrast. I have not got all the figures from Dr. Hunter. I am speaking partly from memory, as I only had a few hours' notice that I was to be examined.

9498. Can you quote from memory what the amount remitted and spent was?—From notes somewhat incomplete made some time ago, I think he says that there was a remission and relief of at most 80,000 *l.*

9499. You having expressed the opinion, which certainly is contrary to the opinions that have been often expressed before us, that famines are more frequent under British rule than under native rule, to what do you attribute the fact which at first sight certainly seems extraordinary?—To the necessity, under our Government, of disposing of more produce of the land for sale abroad than under native governments.

9500. And you think that it has been necessary to dispose of more produce for paying increased taxation?—Yes; and also, from the mere fact that the government is a distant one, whereby the cost of the transportation has to be borne by the native taxpayers. There must be a very great difference between a condition of society in which the produce of the land is consumed upon the land, and a condition of society in which a portion of the produce has to be deported to a place on the other side of the globe, and still more so when the industry of the taxpayer is only agricultural, and so cannot tender any other than bulky, unmanufactured articles, costly of transport and possibly liable to decay.

9501. But do not you think that this disadvantage, which you have attributed to the necessity of exporting produce, has been more than counterbalanced by the advantages that English rule has conferred upon India in carrying out public works?—No, I do not think so. If the cost of the public works is to be defrayed in India, certainly not.

9502. Then do you think, looking upon it simply as a financial question, that taking the public

public works as a whole, the burden which they have thrown upon the people of India in the form of increased taxation is greater in comparison with the advantages which they have derived from having those public works?—Most certainly; for example, in the case of railways.

9503. But should you say, speaking generally, that the railways up to the present time have conferred no financial advantages in India on the general mass of the people?—No advantages commensurate with the cost. For example, they have never paid their own interest charge on any fair way of stating the expenditure of the railways.

9504. Have you any facts by which to sustain that opinion with regard to every line, that no line has paid its interest charge?—Yes; of course I am aware that the accounts of some of the railway companies, at least those of the East India Railway Company, do purport to show that they have defrayed their cost and earned over the guaranteed dividend in some half-years.

9505. You seem to say that the accounts of these railways are even more unfavourable than they are represented to be; would you give us some figures to illustrate that opinion?—In the 42nd and 43rd paragraphs of the last Parliamentary Railway Report (Mr. Danvers' General Report), he says, "It would thus appear that a sum of 15,864,344 *l.* has during the last 20 years, while the railways have been in course of execution, been drawn from the revenues of India for the payment of the guaranteed interest. This gives an average of about 793,000 *l.* a year. In some years it has amounted to more than twice that sum; in others it has been much less. The largest sum was 1,700,474 *l.* in 1868-69; the smallest 67,943 *l.* in 1865-66." He goes on to say, "While the State has been making this annual contribution towards the railways, it must be borne in mind that it has for some years derived a direct pecuniary benefit from them, both by the conveyance of mails free of charge, and the conveyance of troops, both horse and foot, at the lowest fares, and their baggage, ammunition, camp equipage, and equipments, at the lowest rates chargeable for goods of that kind. The saving thus effected must be considerable, and nearly, if not quite equivalent to the amount of the annual average charge hitherto incurred by the revenues of the country for the guarantee. This charge, it may be hoped, will gradually diminish as the lines are completed, and the deficit ultimately converted into a surplus." In the rest of the Report, and in other Reports, he gives the usual statements of the capital account, and of the traffic returns, and of the guaranteed interest. But those capital accounts not only are never closed, but are being perpetually kept open. Therefore these accounts seem to me to be insufficiently stated. For example, I shall quote from a Minute of Lord Lawrence, of the 16th of August 1867, in the Parliamentary correspondence relating to extension of railways in India. He says, "I would take this occasion also to affirm plainly what is too often overlooked, that the Government in its relation with these guaranteed railway companies is by no means an intrusive power which has no pecuniary interests at stake which it may legitimately protect. It is estimated that while the companies will have to supply about 81 millions for the railways now under construction, the Government contribution will be 7½ millions for land, loss by exchange and supervision, 14½ millions for interest paid in excess of net revenues, and 4½ millions in interest due on those payments of guaranteed interest. In all, the Government will have paid 26½ millions against the companies' 81 millions. This is no visionary contribution, and it is monstrous to say that under such circumstances the Government is doing anything beyond its plain duty to the Indian community when it requires that every possible precaution shall be taken to prevent waste." So that in taking the accounts, for example, at the figures put in 1867, it would be necessary for any just view as to whether the railways are remunerative or not to exhibit in the capital account not only the 81 millions of the companies, but also these 26½ millions of the Government subsidy. It would be necessary to debit a charge for the interest on these 26½ millions, to include in the reckoning of the annual expenses a charge for the interest due to the Government on the 26½ millions; for these 26½ millions were not obtained out of annual revenue.

9506. Sir *C. Wingfield.*] Might I ask, does that 26 millions comprise the loss of revenue on the land given to the railway companies?—Yes, I see it does; seven and a half millions for land is, I presume, the actual compensation. Whether it includes the revenue, annual revenue demand (the Jumna or annual land-tax) of the land acquired, I do not know. I am not sure that the revenue which the Government write off in their books, having made over the land, is included in the above calculation of Lord Lawrence.

9507. Mr. *Fawcett.*] So that, basing your opinion upon that Minute of Lord Lawrence's, if you wanted to represent the financial position of the railways correctly, you would say that the Government have guaranteed 5 per cent. upon a capital of 81 millions spent by private companies, and that, in addition to that guarantee, they have subsidised the railways by an expenditure of 26½ millions?—That is so, I think.

9508. I understand that, leaving out of consideration the subsidy of 26½ millions, and taking simply the fact of the guarantee, the Government lose at the present time about a million, and three quarters annually, do they not?—The loss, I think, is a million and a half, you may take it so generally, and in the last Budget, I think; it figured at 1,800,000 *l.*

9509. But looking to the future, supposing that the railway system will be continued and developed, do you think that that loss is likely to increase or to decrease; and would you mention any facts on which you base your opinion, whatever it may be?—If the railways go on as heretofore, I do not think that the loss will decrease.

9510. I suppose you would think that it will not decrease, because you think that the best lines of country have been occupied, and that the new railways will be carried through countries which are not so productive for railway enterprise as those through which the railways at present run?—That is so; and also as to the capital accounts on existing railways, they never do close them definitely, and say, "We will not have any more expenditure debited to capital."

9511. So that, as a matter of fact, even on the existing railways whose returns are not sufficient to pay the guarantee of 5 per cent., the capital account is never closed?—I think not; for example, on that Great India Peninsula Railway, which has been referred to, a sum (I have seen

Mr. *J. Geddes.*

7 July 1871.

it stated differently: 1,300,000*l.*, I think, it was stated at by the Secretary of State) was expended in rebuilding bridges and viaducts which, as the Duke of Argyle said, had come down by the run. I have looked in Mr. Danvers' Reports to find some figured information about that affair, and I have not found it.

9512. Some of the railways that have lately been carried out have been rather military railways which are said to be very remunerative, for instance, the railway to Peshawur?—I have no personal knowledge of that country.

9513. Do you know anything of a railway upon which evidence has been given here; can you mention any of the circumstances which caused the Government to buy a railway from Calcutta to Port Cuming for 400,000*l.*, which railway does not pay half its working expenses?—I do not know anything more than simply what was published. The railway failed to pay its working expenses, and the Government, under the provisions of the charter, which could have been enforced here by action in Westminster Hall, I presume, bought it up. The amount in question I think was 600,000*l.*

9514. Do you know what practical course is adopted to give the Government sufficient information to enable them to decide whether such a line as that ought to be guaranteed or not?—I have no official knowledge or personal knowledge of that; I merely know as any other resident in India would know.

9515. What is the opinion amongst the residents in India as to the course that was adopted?—Certainly the general opinion among the residents in India is that the railways will pay; the common opinion is that if a sufficient distance of time be allowed they will pay. I am stating my own opinion.

9516. Do you know anything about the capital that was spent on a railway that was alluded to at our last sitting, the Jubbulpore branch of the East India Railway, which, during a half-year, did not pay its working expenses?—No; I have merely travelled over it; that is all.

9517. To what circumstance do you attribute the fact that the railways cannot pay this guarantee of 5 per cent.; do you attribute it to the general poverty and unproductiveness of the country, or do you rather attribute it to a great waste of money which has been going on while the railways have been carried out, and to the extravagant cost at which they have been constructed?—I should rather attribute it to the impossibility of getting railways made on any system that would pay; the inherent impossibility, I mean, of English-made railways paying in India. I think that the country is too poor to afford English railways, and, certainly, too poor to afford English railways in which the shareholders have very little responsibility.

9518. What you rather mean, I suppose, is this: that if the Government guarantee 5 per cent., the shareholders getting a remarkably good return for their money, there is no interest to practise economy?—That would be too much to say. I would not say that.

9519. Then do you think that the railways have been carried out on too expensive a system; that they have been made too costly?—Certainly, judging from the results.

9520. You have just spoken of the poverty and general unproductiveness of land in India; that opinion is contrary to the general notions on the subject, is it not?—Yes.

9521. Have you ever made any comparison as to the yield of land in India with that in England?—The general idea is that India is a very rich country.

9522. Have you any facts to mention on which to base that opinion of yours?—It is very difficult to obtain any precise statement on that point; but so far as my inquiries have extended I should say that the yield of cereals from land in India per acre was less than in England. I should say less for cereals, as compared with English produce, or for cotton as compared with American.

9523. *Chairman.*] Perhaps one-half less?—The official figures usually published certainly would make it that or under that. I think they would make it for cereals 800 lbs. per acre in India (and I think it would be considered a good crop in India), and 1,600 lbs. in England. But as to the statements of the yield of land it is very difficult to get reliable statistics of that.

9524. Mr. *Hermon.*] Do you take into consideration the relative value of the land in India and the land in England?—That would not affect the amount of weight of cereals.

9525. Mr. *Fawcett.*] Before I leave the subject of Public Works and Railways, is there any other remark that you would like to make on them?—I would point out, for example, that in taking over the Orissa Irrigation Company it was well known that the company had been paying dividends out of capital, and it was notorious that the shares were at a discount.

9526. Then did the Government take over a company whose shares were at a heavy discount, and take over the shares at par?—I believe so.

9527. Did they give anything besides that?—I think they gave 50,000*l.* as a bonus, and they gave also 14,000*l.* to give up a scheme called the Behar scheme, for which the company had some kind of promise, but for which they were unable to raise the capital.

9528. Then is it your opinion that a company whose shares were at a very heavy discount, and which had been notoriously paying dividends out of capital, was bought by the Government at par, and received 50,000*l.* in addition?—I believe those were the facts.

9529. And you state that opinion after perusing the documents?—Yes.

9530. Mr. *B. Denison.*] You have seen the controversy on the other side of course?—I have heard that the company were very much dissatisfied. I carefully examined a file of "The Times" on the subject.

9531. Mr. *Fawcett.*] You have made some general remarks with regard to the future prospects of railway enterprise in India. Have you any general remarks to make with regard to the future prospects of irrigation works?—Yes; the general theory upon which they are constructed, that they will save the land revenue seems to me financially futile. If the land revenue requires to be saved, it is obviously too high; if it is precarious and liable to be lost, it is too high, and should be lowered. It would be more sensible to lower the land revenue demand. You cannot call it remunerative to retrieve a precarious source of income. If there was a surplus upon which to build a canal, it would be very well; but judging from the past results, I think it is not prudent to borrow money to build these canals,

canals, and it seems to be unreasonable to propose to borrow money, merely on the ground that you save your land revenue, and that you save the people from famine. The existing land revenue must be too high in that case.

9532. I wish to convey your meaning as clearly as possible to the Committee; what your opinion would go to is this, that these irrigation works are so uncertain in their returns, that you do not think that Government is justified in carrying them out with borrowed money, although you think it may be justified in carrying them out if they have a surplus?—I do not think it is wise to build them out of borrowed money, if the lenders expect to be repaid their principal.

9533. But are not some of the irrigation works in India very remunerative, for instance, the Madras irrigation works?—They have usually been said to be so, but I think that is mostly by crediting land revenue receipts.

9534. They mix up the land revenue, and you may say, an irrigation rate together, and put it all down as return to the irrigation works, you mean?—That is the nature of much of the returns, for example, on which Sir Arthur Cotton bases his statements of the extraordinary remunerativeness of the irrigation works in Madras. Among the Papers on irrigation works laid before Parliament some time ago, there is a very careful Report by Colonel Strachey on that subject, the general tenor of which is that the capital accounts have never been made up in any rational way.

9535. And does this paper of Colonel Strachey's go to corroborate the opinion which you have expressed, that land revenue and irrigation rates are mixed up together, and all put down as a return to irrigation work?—Yes; but Colonel Strachey certainly thinks that irrigation works do pay, that they are remunerative.

9536. But looking at the question as one of general taxation, I suppose you think that as a railway or an irrigation work confers simply a local or district advantage, it is unfair to tax the whole people of India to carry them out?—Yes; I think it is monstrous to tax the people of Burmah in order that cotton may be carried down cheaper to Bombay.

9537. You say, for instance, that the Burmese people who have never seen a railway are virtually taxed in order to get down the cotton cheaper to Bombay?—Certainly.

9538. And that you think is unjust?—Yes; the Burmese people have to give their quota to the Imperial revenues, which go among other things to pay the interest on unremunerative railways.

9539. With regard to the general revenue and expenditure, what are your views as to the prospect of expenditure increasing or diminishing, and the revenue increasing or diminishing?—I certainly think that the expenditure is always on the increase, and on the increase more rapidly than the revenue is increasing. I think also that this is a permanent feature of Indian finance. I think that our cost of administering India increases more rapidly than the natives' capacity to pay for it.

9540. Why do you think that the increase of expenditure is likely to be a permanent feature of Indian administration?—One of the normal features of life in India is the everlasting enhancement of the price of food, dating for example very largely from about the mutiny time; the era of the great expenditure of borrowed money by the Government and by the railway companies, and the era of the great drain upon India for the interest charge upon these expenditures. That enhancement of the price of food is very largely due to the necessity of deporting a great deal of the country's produce to pay for the loss in guaranteeing the dividends on these railways, and also to pay for the interest on the monies required to make good the frequent deficits of Government. Moreover the entire cost of administration rises at the same time in proportion. Every service that the Government requires has to be carried on at a constantly increasing cost. That is one reason. Another reason is that the standard of comfort in England rises, and therefore the cost of the army in India is constantly on the increase. If it were possible to get a chronological return of the amount paid for compensation to the native troops for the dearness of provisions from year to year, I think you would have a clear statement, which would be something like a measure of the increasing dearness of food.

9541. Sir *C. Wingfield.*] I think the rule is that if the price of grain be above 16 seers the rupee, then they get compensation; is not that so?—That is the principle of it, and therefore the aggregate of over price which has to be paid to all the sepoys, year by year, would be a fair test. I suppose it will appear in the statistics of the ensuing military part of the financial serial which is now being published in Calcutta.

9542. Mr. *Fawcett.*] You think, then, there has been a great increase of prices, and that there is likely to continue to be an increase of prices, and that as the price of commodities is increased the expenses of Government must increase?—Yes, that is so, and that the natives have not all of them a commensurate advantage for that. Among the consequences of the compulsory deportation of produce to pay for foreign charges is, I think, the frequent cattle disease in India. Greater and greater areas have to be put under crop, cattle have to be worked more and more, the area of pasturage diminishes, and much of the produce has to be shipped away to meet the payments in London; and that is the reason. It is because of the hold that we have of India, that our trade with India is so much larger than that of any other country is.

9543. You rather agree, I suppose, with the opinion that I have seen expressed in the Calcutta correspondent's letter in "The Times;" that, for instance, taking Malwa, people there are suffering from this circumstance, that a considerable area of their country which before was devoted to the growth of food which was consumed by the people is now given up to the growth of cotton and opium for foreign exportation?—Yes; but you have to notice the conditions that there are in that country. In the country of which I suppose "The Times" correspondent was speaking, you have partly a native Government. Of course it is the influence of the English Government under which any considerable area is devoted to opium. The market for opium would cease if our gun-boats in China ceased to enforce our treaty rights there, and it is certainly under our influence that its growth is maintained. If we left India, there certainly would not be so much cultivation of

Mr. *J. Geddes.*

7 July 1871.

opium; the native priests would very soon dispose of it.

9544. You have referred to one circumstance affecting the expenditure, namely, the gradual and steady increase of prices going on, but how do you consider that the rise in the standard of living in England, and its becoming more expensive, affects the cost of Government in India?—The English soldier is not to be recruited, except on harder and harder terms. The figures of the increase of cost of the army are of course notorious; the army expenditure is constantly on the increase. I spoke just now of the exports. From the Government Table in the Calcutta annual statement of the trade and navigation of British India, dated 1870, which gives a review from the earliest time of the trade, and which is part of a financial series now in publication, it appears that the Indian trade with England amounts to about 65,000,000 *l.* sterling (exports and imports together), and that the coasting trade of the Indian seas amounts to 21,000,000 *l.* So that you have this fact. The maritime exchanges of a population of 200,000,000, in India with each other amount to only 21,000,000 *l.* sterling, and the maritime exchanges with England, a remoter population on the other side of the globe, and of only 30,000,000, amount to 65,000,000 *l.* sterling. The disproportion also is really much greater than the figures indicate, because much of what is set down as coasting trade represents goods on their way to or from England, but entered in the minor ports of primary entry or discharge. In fact, it is simply the circumstance that we have the dominion of India that makes our trade larger for the most part. I refer to all this with reference to the increased cost of food.

9545. What you mean to convey by saying that the rise in the standard of living in England affects the expenditure in India, is this, that as labour becomes more expensive in England, and commodities become more expensive in England, everything that India obtains from England, namely, the labour of her soldiers and other people, and also her commodities, she will have to pay a higher price for?—That is so, and it will continue until the services to India will be given on other than merely the principles of self-interest: I mean, so long as it continues a matter of remuneration, calculated merely on self-interest, and until England looks upon the dominion of India as a duty to be administered partly at the cost of England.

9546. Still whoever pays for it (and I do not think there is much chance of England paying for it), the services which England renders to India in sending her commodities and labour, of course will involve a larger charge as that labour and those commodities become more expensive. That is what you wish to be understood, is it not?—Yes, but I express no opinion as to the probability of England agreeing to defray any part of the cost of India.

9547. Now you have alluded to circumstances on which you base the opinion, that expenditure in India is likely to continually increase; can you state any reasons which justify your opinion, that revenue is not likely to increase with increasing expenditure, and in the same proportion?—Yes; the history of Indian finance shows that. I question very much, for example, whether our net land revenue defrays the cost of our army. The figures of the net land revenue for example, from 1814–15 to 1868-69, are given at pages 28 and 29 of Part 3 of the Calcutta Financial Serial. In the last year 1868-69, the land revenue gross is set down at 22,374,936 *l.* sterling, and the net land revenue is set down at 19,669,369 *l.* Now I have a statement of the cost of the army for that year 1868-69. The cost of the army in that year may be set down generally:—

	In India.	In England.		Total.
		Stores.	Other Charges.	
	£.	£.	£.	£.
I. Army proper.	12,989,566	872,621	2,407,394	16,269,581

9548. Sir *C. Wingfield.*] But there is a recovery on the other side under stores?—I have given the land revenue, gross as well as net, and I can only indicate the comparison generally. But I fancy the *per contra* of receipts by sets-off from the army is slight. Then proceeding with the remaining items of the cost of the Indian military system, there are also these charges all debitable to the military expenditure:—

	£.
II. Marine	790,791
III. Stores	248,401
IV. Other charges	101,450
	1,140,630
Then:—	
V. Ecclesiastical, which is mainly a military charge	163,590
VI. Medical service (also mainly an army charge)	380,361
VII. Public works entered under the general heading Public Works, but obviously nothing else than a military charge:—	
Public works, military construction	1,876,157
Public works, military repairs	249,397
Total Public Works, Military	2,125,554
Grand Total of all the Military Cost, including Transport, Medical, and Ecclesiastical Services £.	20,079,717

Of course the medical services contribute partly to the civil expenditure, but it is mainly a military charge, and on the other hand, the army gets services from the civil department. But, generally speaking, there remains this result, that the cost of the army is unpleasantly near to the proceeds of the land revenue.

9549. Mr. *Fawcett.*] Then you think that those figures show that the net revenue of the whole land of India is absorbed by the cost of the army and navy?—Yes; and the land revenue must always be the main source of income from an agricultural people. You have also this fact, putting it in another way. The exports, say, putting them roundly, are 50,000,000 *l.*, and thus you have a country yielding exports of 50,000,000 *l.*, required to contribute 20,000,000 *l.* sterling for an army.

9550. Now, looking at the land revenue for the next 20 or 25 years, what is your opinion as to its elasticity or inelasticity?—I certainly think that the revenue does not increase in proportion to the expenditure; I think that the expenditure is very elastic, and the income very stationary.

9551. I will come to other heads of expenditure; but now, with reference to the land revenue,

revenue, do you say that?—Yes, I do. If you look at the figures of income from land revenue, and expenditure on account of land revenue, for example, in this Calcutta Serial, in the first part of it, at pages 14 and 19, I think you will find that the increase in the cost of assessing the land revenue takes up a large proportion of the increase which is shown on the other side as income.

9552. Mr. *J. B. Smith.*] Is that every year?—That is the normal feature of it.

9553. Would those expenses of assessment be an annual expense?—No, not all of them, certainly; but you have also, for example, the pension charges for the collectors. Those are a permanent charge. In any case the net proceeds of the land revenue continue much the same, year after year, if you put annexations aside.

9554. Mr. *Fawcett.*] With reference to the land that has been settled, either permanently or for 25 years, of course there can be no increase with regard to the permanently settled lands, and no increase as to the land settled for 25 years, until the lapse of that time?—I do not know about that. Of course the arrangement for local cesses may obviate part of that difficulty.

9555. I will examine you upon that point presently. You could not on this land put an additional cess for anything that was considered an imperial purpose, could you?—No, that is generally held.

9556. Should you say that generally the land of India, considering the just rights of the people, would bear a much heavier assessment?—No, I should not.

9557. Do you think it is heavily assessed at the present time?—I think it is heavily assessed, I speak generally of India. In Lower Bengal of course the Government proportion, as is well known, is comparatively a small proportion of the produce. Anyone who was acquainted with the literature of the settlement, the settlement reports, will find that we are always ready enough to acknowledge that in the past we have over assessed districts; for example, in the Nerbudda and Saugor territory, in Cawnpore and Bundelcund we are now ready to acknowledge that we had over-assessed districts. Sometimes society broke down altogether under the weight of the assessment.

9558. Sir *C. Wingfield.*] May I ask whether your services were confined entirely to Lower Bengal?—Yes, my services were confined entirely to Lower Bengal; I quoted the Settlement Literature.

9559. Mr. *Fawcett.*] With regard to the other sources from which Government can obtain revenues, could the Government obtain additional revenue from increasing the taxes on commodities?—No; as I said before, the increase from exports and imports is very small, and indirect taxation will get very little from customs. If you look at the history of the customs revenue, if for instance you refer to the tabulated column of customs income, in the third part of the Government series of financial statements from 1792-93, you will find that customs remain very stagnant as a source of revenue. Just after the Mutiny, it was attempted to enforce as large an income as possible from customs, and the trade of the country was injured at that time. You will find an increase of customs about that time, and you will find, I think, the customs income diminishing immediately after that, so much so, that certain customs duties had to be withdrawn. About a generation ago, you will find that the customs revenue appears to have been larger proportionately than now; very much larger allowing for the increase of territory, but that was owing to the system of transit duties, which were at that time credited in the income, and which have long ago been abolished.

9560. Mr. *J. B. Smith.*] You said that the customs had increased very much after the mutiny; that (*handing an abstract Statement to the Witness*) does not bear out that?—I am speaking of course financially. I am speaking of the financial sequents on a given antecedent, and the financial sequents do not appear in the column till some time after. The mutiny ended in 1858, but the accounts were not brought up till 1859-60 or so.

9561. After the mutiny, of course there would be a scarcity of everything, and an increase on that account?—The rate per cent. of customs duties was increased at that time on several staple articles, about 1859 or 1860.

9562. Mr. *Fawcett.*] What you mean to say is this, that comparing the customs returns since 1792, they show that the people of India are such small consumers of foreign produce that the customs duties have no natural tendency to increase very much?—Not enough for our increase of expenditure.

9563. And if you attempt to increase their rates of export what took place after the mutiny, when the rates were increased, shows that such an increase so materially affects the trade of the country that it has to be abandoned?—Yes, the natives consume very little sea-borne commodities, and what they do consume are already taxed very high. It is almost a normal feature of the Calcutta Budget statement that the Minister congratulates the country on the increase of exports and imports, and puts it forward as a ground of confidence in borrowing, but at the same time regrets that he is unable to secure an increase of revenue and income from such an usual source as customs.

9564. With regard to the duties levied on internal produce, could the salt duty be increased?—I think not, properly.

9565. Do you consider that at the present time (you can, of course, speak from experience) it does press heavily on the people?—I think it does.

9566. Do you say that from having complaints of the natives?—Certainly. The cost of salt is an ordinary thing to speak about. Any native whose recollection goes any time back will always tell you about the increase on the salt duty as one of the hard things: I imagine that in the time of the Nawabs of Bengal it was 2½ per cent. on prime cost to Mahommedans, and 5 per cent., that is double, to Hindoo consumers. Now, taking the rate per cent. on prime cost of the salt as set down, for example, in these figures here in the Calcutta serial, and comparing the selling price of salt, and the rate of Government duty, you find a taxation of, I think, 700 per cent. But even that will probably not indicate the full enhancement of cost due to the Government. The rate of duty, I see, has been stated to the Committee to be as high as 2,500 or 2,800 per cent. I have no doubt that the rate of taxation in the past was understated, that actually more was levied in the Nawab's time, but it certainly was not anything like the amount or rate of duty that it is now.

Mr. *J. Geddes.*

7 July 1871.

9567. Then you think that it is an onerous and oppressive tax which it would be not only unsafe, but unjust to increase?—Certainly, I think it would be unjust to increase it; I think it would be a very hard and a very unfortunate thing to give the police underlings, men who are insufficiently paid and untrustworthy (as any police must be that foreigners can secure), greater control in salt matters.

9568. With regard to other duties, such as stamps, could we get any additional revenue from increasing the stamp duties?—I do not think so. My own feeling is, that that is higher than it ought to be, that if we cannot administer justice more cheaply we should withdraw.

9569. Then do you think that to a poor suitor in India justice is expensive?—I think it is very expensive. In land revenue and other items he already contributes very largely, and I think it is very hard, for example, to require a man to pay one rupee for leave to put a written complaint before the magistrate; that is about from four to eight days' earnings, although he has already presumably paid his quota to the Government in salt and land revenue.

9570. But has he to pay a rupee, however small the amount may be in dispute, on lodging a complaint with the magistrate?—Yes; and I am speaking only of criminal complaints. I believe that the tax has been lowered since I came home. I thought it very high. This is quite apart from the stamp duties in civil suits.

9571. With regard to excise, if more revenue is required, could you suggest any increase of existing excise duties, or the imposition of excise duties not now levied?—No, I think not; I do not think that there is any chance of realising any considerable increase of revenue from excise, and besides, the feeling of the native population certainly is very hostile to all our excise system.

9572. Is it hostile because they think that it is contrary to their habits?—They think that it is contrary to their religion. It is a commonplace among the natives to speak of the increase of drunkenness and habits of intoxication as one of the things which the English have brought in with them.

9573. But how can the imposition of an excise duty be connected with drunkenness; I should suppose that if you put a duty on an article which causes intoxication, you rather tend to diminish drunkenness than increase it, because you make the intoxicating article more expensive?—But what the natives mean is, that if their own religious system were left to deal with intoxication they would put it down very soon. They would put people out of caste, for example. But one of the things which they would have to deal with would be the masters of 200,000 bayonets, whose officials are constituted authorities for purveying opium.

9574. You are referring now rather to the opium?—Whose officials are, to the Government, constituted authorities for purveying opium, and for controlling sources of excise.

9575. Then do you think that if the Government did not require revenue from opium, less opium would be grown in India?—Certainly, less opium would be grown. It is useless to speak about free trade, when you have, for example, a Finance Minister in India entering into competition with the village loan-monger, and directing the proceeds of taxes into the growth of particular staples. The village loan-monger would raise other staples, most probably grain or food, but he cannot compete with one who is the master, who wields the Government treasuries.

9576. But if opium is a profitable commodity for the English Government to grow, it would be equally profitable, would it not, for a native Government to grow, and under these circumstances it would be grown for the sake of the profit, would it not?—If you speak of India entirely under a native system of administration without us, I say that the priests would settle that. No rajah under a purely native system, could administer the opium revenue as we administer the opium revenue. The Brahmins would very soon starve him out.

9577. Then do you think that the mere fact of the English Government encouraging the growth of opium produces a demoralising effect on the natives as the influence of English rule?—I think that it does produce a bad effect; that it breaks down their confidence in their own religion, and I think that a greater evil than any good which we confer upon the natives.

9578. Looking at it purely as a financial question, what do you think of the prospects of this revenue increasing or decreasing, or as to the certainty of its continuance?—I think it only a question of time when it will break down. It is only a question of time, for example, when the Chinese Government will insist on the control of their own ports, and will have the countenance of the Americans, now their next door neighbours, and of other nations, in securing the full control of their own harbours. We shall not be able to maintain treaty rights in China; having had to abandon a treaty in the Black Sea, we are not likely to be able to continue to enforce in China treaty rights which were not very creditably obtained. With the fall of our treaty rights in China the Indian opium revenue would fall.

9579. Then you think that prudence would dictate that the Indian Government should so arrange its finances as to calculate that this source of revenue, amounting to between 7,000,000 *l.* and 9,000,000 *l.*, is a precarious one?—Yes; and not only so, but that it is a faulty system to treat as revenue, that is, to spend every year all they can get from opium, seeing that it is a very fluctuating source of income.

9580. Now with regard to the income tax, it is often said that the rich do not contribute enough. What is your opinion about the income tax?—I think that the native incomes are almost habitually over-stated and over-estimated (of course not willingly so), in all our official calculations. The income tax also, at least up to the time when I left India, seemed to me to press unfairly, owing to the institution of the native joint family. If you have an English family of five people, subject to an income tax, they can effect their retrenchment upon luxuries or comforts before trenching upon necessaries. But the Hindoo income is the income often of many families, owing to the institution of the Hindoo joint family. Therefore, an income tax in the case of the Hindoo, tends to trench on necessaries, in a way that it is difficult for an Englishman to understand. For example, the mere statement that the rate of the income tax was only 3¼th per cent., could give no idea of the feeling created by it among the natives. That might be a very much higher rate to a native family than the figures would indicate to an English mind. I believe there has been some change, and I think a provision

a provision was attempted to be made on behalf of the Hindoo family last year; but I have never been able to ascertain what changes were introduced; nor do I see how the hardship could be remedied without forfeiting the bulk of the proceeds of the income tax.

9581. You mean that this sometimes happens, that if, for instance, an income of 1,000 *l.* a year is rated to the income tax, it does not mean as it would in England a separate income belonging to one family of 1,000 *l.* a year, but represents, owing to the joint family system, many incomes of 100 *l.* a year each which are so taxed?—Yes; what we should call incomes of 100 *l.* a year administered, as it happens, by the one head of all the families, the set of families.

9582. The Financial Secretary of the India Office said, in his evidence, that he was not aware that any official statement had ever been made that the income tax had produced discontent in India; can you express any opinion on that point?—I am very much surprised to hear that.

9583. Have you ever made any official statements on the subject?—I remember remonstrating against the income tax in Pooree, the southern district of Orissa. I said that it was very unwise to assess to income tax the people of Pooree, a district which had just lost from 20 to 30 per cent. in some portions of its population after the famine, especially when that population was mainly the working bone and sinew of the district.

9584. That opinion you expressed in a remonstrance addressed to the authorities?—Yes.

9585. Should you say from your personal knowledge that the income tax had produced wide discontent?—Yes, I would, certainly.

9586. And that this discontent is not, as has been officially stated, confined to an insignificant section of the people?—No; it reaches very far.

9587. Owing to the joint family system?—Not only owing to the joint family system, but owing to their uneasiness at what seems to be the arbitrary nature of the system, and also to our inability to control all the underlings whom we require, not so much from any extraordinary viciousness of the native character, as from our essential inability to secure trustworthy underlings.

9588. You would say that it was impossible to levy it in a satisfactory way?—That is a very strong statement to say that it is impossible to levy it in a satisfactory way; I think it is impossible for us to levy it in a satisfactory way.

9589. Before we leave this subject, is there any other opinion that you wish to express on Imperial taxation?—I think that I should express anxiety about one item which appears always in the finance statements, the item of interest in the headings of revenue. Part of that interest was formerly an income from waste lands, but a great proportion of it is the proceeds of the currency department of the Indian Government. The Indian Government is the sole issuer of compulsory paper tender in India. In their statements of currency, the Currency Department is always made out to yield a profit. At page 116 of the third part of the Historical Review of the Finance and Revenue Accounts of Government, from 1862 to 1869, the Currency Department professes to show in 1862–63 a deficit of 37,850 *l.*; in 1863–64 a deficit of 3,768 *l.*; in 1864–65 a net profit of 125,839 *l.*; in 1865–66 a net profit of 83,330 *l.*; in 1866–67 a net profit of 67,955 *l.*; in 1867–68 a net profit of 103,651 *l.*; and in 1868–69 a net profit of 72,603 *l.* The statement resulting in these out-turns seems to me insufficient, because the Currency Department does not debit the cost of carrying about the silver, which has to be moved about to meet the different payments. The effect of the Currency Department is to transact a large proportion of the exchanges of the country, and at the cost of the general revenues, at a loss to the country at large. The Currency Department professes to show a profit, but as I said it does not show the cost of transporting the silver and bullion throughout the country. Not only so, but the annual profit attempted to be claimed seems to me a very doubtful set-off to the very serious risk of Government holding large sums in currency. If there were a serious commercial crisis in Calcutta, and the Government were required to make good the amount of their notes, if there were a black Friday, say at Calcutta and Bombay, and notes generally were returned for encashment in Calcutta, the Government would have to throw a great many of their securities suddenly upon the market, in order to realise silver with which to make good their demand, and they would either have to hurry an Act through Council, making their paper compulsory discharge even when tendered to themselves, or else they would have to raise the additional money required in that sudden way on very hard terms, and possibly they might have to face more serious disasters.

9590. With regard to local taxation, that is increasing, is it not?—It is; municipal cesses and others are constantly increasing very much.

9591. Have you any opinion to express as to the policy of the Government levying a cess upon land for education and roads?—In regard to Lower Bengal I have very grave doubts about the success of the measure. It is a very serious matter to interfere with the very complicated tenures which exist in Bengal. The system is quite unlike any of the tenures in this country. Between the Government and the actual cultivator you have whole strata of intermediate tenures, some of them held on the joint family system. You have normally a superior stratum intriguing to oust the lower stratum, and to get itself nearer to the cultivator, so as to intercept the larger rent. You have the parts of one stratum litigating against another stratum. Now to interpose, as it is proposed to do in such a system, say, by enabling the superior tenants to recover from the lower tenants in any summary manner, seems to me to involve a very serious risk of disturbing the entire society in Lower Bengal.

9592. Then do you think that it is regarded as a breach of a monetary engagement?—Certainly.

9593. That is the prevailing opinion, is it?—Certainly among the natives.

9594. Mr. *J. B. Smith.*] Your answer refers to Bengal?—I am speaking of the permanently settled districts of Lower Bengal.

9595. Mr. *Fawcett.*] Considering the amount that is now levied in India by the British Government, both imperially and locally; have you ever made any comparison of the amount of taxation now imposed on the Indian people with the amount imposed upon them by their native rulers?—No, it would be quite impossible; the very currencies in which such figures are stated

Mr. *J. Geddes.*

7 July 1871.

are different. You could not get the local taxation exhibited anywhere in any official statement; I question whether the Government of India has a statement of the municipal resources and municipal taxation. Certainly no private individual could obtain anything of that kind. Therefore I cannot make a figured comparison between native and English administration; but I should suppose that under native governments, the taxation would not be so high as under the English Government.

9596. Mr. *Bourke.*] What native governments are you alluding to?—The native governments which preceded us.

9597. Would you give the Committee some grounds for your supposition?—You have no splendid cities, such as Delhi and Lucknow were, you have no Tajmahals, you have no clerical class yielding a purely native literature.

9598. I do not see how that is an answer to my question?—I spoke of native wealth under native and under English administration respectively, and I instanced the differences as to a leisured literary class as one of the examples of the change.

9599. I understood you to allude to the taxation of the people, that it was less under the native rulers than it is under the British?—I spoke of that as measured by the amount of wealth left to the people under the native and under the British Governments respectively.

9600. Mr. *Grant Duff.*] Do you mean that the Tajmahal was an evidence of the wealth left to the people after the taxation had been taken from them?—Yes, left to the people. I said the people, because our public works, our gaols, and our kacharis, which are our set-off, are not a very beautiful set-off against the fine temples of the native people. They are for our purposes. Our barracks, say, are for our purposes. I distinguish between the English barracks and the native temples. You have, for example, fewer native temples now built. I think you have fewer groves planted, and, as I said before, I think you have more frequent famine now.

9601. Mr. *Fawcett.*] Is the taxation severely felt by the Indian people; does the frequent imposition of new taxes produce discontent and cause annoyance?—If it were not for the increase of the trouble, if it were not for the new taxes brought out every now and then, the people do not say so very much about the weight of taxation. When I speak of the weight of taxation, I speak of it as compared with the taxation of any other people. But you know that the Hindoos are a remarkably patient people; they accept things that come very much as the will of God. They are very much broken up by their own castes into separate systems, and they have very little of that communal opinion, of that public opinion which we understand when we speak of opinion on taxation.

9602. But there are no means of really ascertaining the opinion of the natives, are there or not, as much as there were under their own governments?—No. For example, we could not collect the land revenue in the way in which the native Governments often would collect the land revenue. We could not collect it in kind. We, with the comparatively little knowledge which a foreign Government can have of its underlings, could not set millions of bailiffs to take the Government share of the produce over the millions of threshing floors throughout India.

9603. Have you any opinion to express as to any practical means which could be adopted to get at the opinion of the natives more largely?—I think that if there were greater considerateness for natives, we could ascertain their feelings more fully, but not if we are constantly saying, whatever your opinion is, we mean to overrule it.

9604. Mr. *Cave.*] Do I rightly understand you to mean that native rulers collected their taxes by means of millions of bailiffs?—I spoke of the whole of India. The native governments, of course, were much more like western communes than the large concentrated empire which we have; it was more like the system of the feudal governments than that of the concentrated Roman jurisdiction. As a rule, taxation was levied very largely in kind under native governments.

9605. And by millions of bailiffs?—By millions of bailiffs, taking all India together.

9606. Sir *C. Wingfield.*] Surely for several centuries in the greater part of India, money rents have been substituted for grain?—Perhaps I should say hundreds of thousands of bailiffs. I was thinking merely of general figures when I said millions.

9607. That change began centuries ago; but then in the early records of Bengal we find that a hundred years before we were there the rents were nearly all paid in money?—Yes; I said that the revenues were "largely" collected in kind.

9608. Mr. *Fawcett.*] I believe you wish to give some evidence as to the discrepancies between the Calcutta Blue Books and the account of the revenue and expenditure made up at the India Office, do you not?—Some time ago in a pamphlet which I published, I pointed out certain discrepancies; I have never been able to explain them to myself fully.

9609. Mr. Seccombe last time in his evidence said, that discrepancies had happened some years ago, but that they had been corrected in later years; is that the case?—If it is the same discrepancies which I am speaking of, it is the discrepancies of the Statistical Abstract and the Calcutta Blue Books. If so, the discrepancies mostly relate to later years, and in the last one which I have (and which was published in 1870) from 1860 to 1869, those discrepancies have not been corrected.

9610. Those were as a matter of fact the books to which reference was made, and the discrepancies have continued up to 1870?—Yes.

9611. Will you mention some facts to illustrate the discrepancies?—It is a somewhat complicated statement, but I can put in a statement afterwards. For example, taking the statement for the accounts of 1855–56, the actuals are set down as having resulted in a surplus according to the London Blue Book of 1,603,118 *l.*; in the Calcutta Blue Book they are twice stated at 2,766,068 *l.* In another statement of the same series of Blue Books, with regard to the same set of figures, one statement of these Calcutta Blue Books shows part of the English figures net, the other shows both sides, both the expenditure and the income in England gross; so that in two ways it is exhibited. The statement entered in the Calcutta Blue Book is the statement which is entered in the Journals of the House of Commons.

9612. Sir *Stafford Northcote.*] May I ask if you have traced the cause of that discrepancy?—I have

have tried very hard to trace it, and I think that it is owing to the statements of the store accounts. I think that there is only a suspense account in which they are shown in one of the books, and I have found by verifying it, that the difference between the two in some of the years, would be reconciled by including the item of stores.

9613. Does not that, in fact, explain it that the stores were reckoned twice over in the Indian expenditure, and also in the English expenditure, thereby making the gross expenditure apparently larger (I am speaking of the English book) by the amount of the stores than it is given in the Indian accounts?—That would be so, but the result is very different. The debt column should have a corresponding alteration; the columns of debt incurred, and of interest payable, would require to be reconciled also. I am unable to trace the things through, but I do not think that the columns correspond. The stores either were paid for, or they were not paid for at all. If they were paid for, they were paid for either out of debt or out of current income. The Calcutta and House of Commons Blue Books have omitted to charge for all the stores under current expenditure. The India Office Blue Book professes to charge for the stores under current expenditure. If the stores were not defrayed out of current income they were defrayed out of debt.

9614. There is no doubt of that inaccuracy, and that it prevailed to that extent up to the year ending 1866, at which time I had occasion to call the attention of the Indian Government and of Parliament to that discrepancy. Do you find any corresponding discrepancy in the last three years, that is, in the years ending 31st March 1867, 1868, and 1869 respectively?—I think not, and it was partly from that that I thought that was the cause of the discrepancy. But I fail to find the columns of capital account of debt and interest payable on debt to be reconcilable, so far as the Blue Books go.

9615. Mr. *Grant Duff.*] So that the mistake had been corrected three years before you had called attention to it?—I am not aware that it has been corrected, if the debt column and the interest payable column are not reconciled.

9616. Mr. *Fawcett.*] Are we to understand that from the books you cannot discover whether that has been corrected or not?—No; and I do not see what is the use of the House of Commons auditing and making out the result of one surplus, and then the thing being altered subsequently. As an accountant, I should say that it is a very grave matter to re-open an account which is supposed to have been fully audited by a competent authority.

9617. You are referring to the year 1865-66, are not you?—Yes.

9618. Can you tell the Committee exactly what took place in that year with regard to the correction of the accounts?—In the pamphlet which I have handed in I have given a statement of what took place, an abstract of proceedings in the House. Sir Stafford Northcote laid before the House the usual statements of the income and expenditure, but he explained that he thought the accounts unsatisfactory with regard to certain items, namely, (1,) some miscellaneous items, and then (2,) a mis-entry under stores, then (3,) a mis-entry under railway traffic receipts. He explained that those had not been entered as he would wish, but he asked the House to pass the accounts as they stood as showing a surplus of two millions odd, and the House passed the accounts as resulting in that surplus. I have looked up Hansard carefully to see whether the House of Commons had ever given specific authority to go back on the old accounts, and re-open the thing, and say that there was a less surplus, but I have not found any such proceeding.

Mr. *J. Geddes.* 7 July 1871

9619. Then are we to understand that the House of Commons passed a resolution that there was surplus of 2,000,000 *l.*, and that owing to the incorrectness of the accounts there really was not such a surplus?—It depends upon how the accounts may be stated, but I should say that if once the accounts are settled, it is a much graver matter to re-open old accounts, and that it is much better to let that stand, and carry the difference into the debt account.

9620. Sir *Stafford Northcote.*] Will you look at that volume (*handing it to the Witness*) of Hansard, and will you observe what the correction was that was made in the resolution that was passed. Does it not appear from that statement, that whereas the usual resolution had at first been proposed, stating, that the income of India for that year was so much, and the expenditure was so much, in consequence of the error having been noticed, the resolution was corrected on my motion, so that it stands, "it appears from the accounts before the House that" it is so and so, thereby putting on record that the House did not pledge itself to the accuracy of those returns?—Yes, that is the purport of the resolution here. Now what I tried to find in the subsequent parts of Hansard was to see whether this sanction, if provisional, was subsequently revised by the House of Commons. I have found no such thing, but on the other hand I do find that the Calcutta authorities treated the sanction as absolute sanction.

9621. Sanction of what?—Of the accounts as showing a surplus of 2,700,000 *l.*

9622. But the accounts of which we are speaking were simply laid before the House of Commons for information, and this Blue Book to which you refer is also laid before Parliament for information; what you point out is that both in those accounts, and in the Blue Books, the information on these points is not accurate; but there was no action taken upon that inaccurate information, was there?—Action is constantly being taken on a series of results on the Exchange. For example, when people ordinarily imagined that there was a surplus of 2,700,000 *l.*, proceeding on one statement, either the Calcutta Blue Book or the resolution as passed by the House of Commons, action was taken on it. Action must be held to be taken, when a surplus of that kind can be quoted; if there was no such quotation as of a surplus, confidence might possibly have been different in the money market.

9623. But as regards the financial administration of India, that is conducted in accordance with the figures which they have authoritatively before them in India, is it not?—Yes.

9624. And those statements have been corrected and made accurate; it is not the Calcutta accounts that you object to, but the English accounts?—I do not object to either, but I say that one should be held to, that the accounts should not be reopened, not only in 1865-66, but in previous years. For example, you have a surplus claimed for a particular year under Parliamentary audit, according to one set of Parliamentary Blue Books, and in another set

Mr. *J. Geddes.*
7 July 1871.

of Parliamentary Blue Books you have a deficit acknowledged for the very same year. In short, you have an irreconcileable discrepancy between two authoritative sets of Blue Books.

9625. But throughout those years up to the year when that correction was made, the same error vitiated the accounts that were presented in England; there is no doubt of that fact, and of course it is an error to be lamented; but looking to the public accounts of India, do you suppose that those errors affected the administration of the public revenue there?—Well, I imagine they would; I imagine that the Ministers would think differently, would administer differently, and propose different expenditure if they realised the fact that they had normally a deficit, and that any one of their alleged surpluses was a mistaken surplus.

9626. Do you imagine that they took their figures from what was published in England, or from the accounts that they kept themselves?—I imagine that they took their own accounts; I do not know.

9627. Is there anything practical in this point except the remark upon an error having been in existence, which now is corrected?—Yes, apart from the difference as to the fact of financial failure, or the fact of financial success, there is this practical for the people who had to refer to the ordinary Blue Books, that there may be two sets of quotations as to the number of surpluses.

9628. Therefore these accounts ought to be in future corrected with a note to show that this error had occurred.

9629. Mr. *Fawcett.*] But these Calcutta Blue Books are not laid before Parliament, are they?—No, I think not; I have inquired very carefully for them.

9630. Mr. *Grant Duff.*] Do I rightly understand you to suppose that this English Blue Book to which you have referred is the authoritative document laid before Parliament with respect to the finances and revenue of India?—I imagine that it is one of those documents; it says "Statistical Abstract relating to British India from 1860 to 1869, as far as particulars can be stated, compiled from official records and presented to both Houses of Parliament by command of Her Majesty."

9631. Are you not aware that the authoritative documents are presented in the middle of the month of May in the shape of two Papers; one showing the Finance and Revenue Accounts of the Government of India in India, and the other the Home Account which relates to the expenditure at home?—Yes.

9632. Do you not understand that those are the authoritative documents from which and from a great number of other papers, this abstract has been compiled for more ready reference by a clerk at the India Office?—Yes, but this also professes to be presented to both Houses of Parliament.

9633. Mr. *Fawcett.*] You have some evidence, I believe, to give on the appropriation of revenue to income which you think ought to have been devoted to capital for the reduction of debt?—So far as I can ascertain, I do not think there ever was a surplus in India.

9634. Do you express that opinion after having gone into the accounts?—I have examined the accounts very carefully.

9635. And does that careful examination lead you to this conclusion, that in every year in which there has been supposed to be a surplus, that surplus has been obtained by devoting revenue to income which ought to have been devoted to capital?—Yes, by devoting to income sums which ought to have been devoted to capital, or rather to minus capital, that is to say to debt.

9636. Will you give some facts to corroborate that opinion, taking two or three years?—Well, take the very last Budget which professes to show a surplus of, I think, 118,000*l.* on the ordinary expenditure; I should take exception to one of the receipt items of land revenue, namely, 375,000*l.* entered as sale receipts of waste lands. I imagine that these were the proceeds of sales made several years before; that during the intermediate years the proceeds of the sales had been kept in the Currency Department invested in Government Securities, and therefore to yield interest, and, I suppose, that in 1869–70, several years after the waste lands were sold, these securities were realised, and the proceeds carried to revenue; I say "I suppose," because it is very difficult from the published statements to obtain particulars.

9637. But was not there an Act passed in Lord Canning's time enacting that the proceeds of the sale of waste lands should be funded, and not devoted to income?—I forget whether there is an Act. There certainly was a Despatch from the Secretary of State inculcating the devotion of waste land proceeds to Government Securities, with a view to reduce debt absolutely or provisionally; I am not sure that there was an Act, or that it was put into legislative form. In any case it was the policy of the Government of India for some time to retain the sale proceeds of certain waste lands, especially of Eastern Bengal, in Government Securities.

9638. Are there any other items of revenue put down to income which ought not to be, in your opinion?—Let me explain myself more particularly: if my assumptions based on the Papers available to the public are correct, then you have an expenditure permanent and very much on the increase, to be met in future by a revenue not only less in respect of capital, by the waste lands proceeds, but less in respect of interest by the income from the waste lands; an Exchequer with a certain source of revenue diminished has to meet an increasing expenditure. Then again, no land revenue would accrue from the waste lands so sold; so that one of the most important items of land revenue would thereby have been diminished. That is of no great importance except in principle, because these lands would not have yielded any land revenue worth speaking of.

9639. This year is there any other item put down to income besides this 375,000*l.* that you think ought to be put down to reducing debt?—I hear of a sum of 170,000*l.*, and I think it was specified in Sir Richard Temple's Budget, "Holkar's tribute capitalised;" I have no further knowledge on that subject, but on the very statement of the item it seems to me abnormal. A third item is Police Superannuation Fund excess, 298,000*l.* A fourth item is the recovery on Abyssinian advances of 330,000*l.* Then there would be, *per contra*, in the expenditure side, a saving which had been obtained by a sudden stopping of public works in September 1869. A budget containing all these mis-entries of credit

and debit would, I think, not be an accurate, business-like statement of the financial proceedings of the year.

9640. Then your supposition would be that there had been a deficiency, adding up the figures which you have given, of something like 1,600,000*l.*?—I did not add them up, because I could not get the whole information. It is useless to attempt to state how I should say that the year ought to have ended; of course I have not the means of doing that. Only it is certain that whereas a slight surplus was claimed, a heavy deficit ought to have been acknowledged for last year (1869–70).

9641. But referring to any previous years that you like to take, as you have expressed the opinion that there never has been a surplus, take any year which you like that you have investigated, and please mention to the Committee the facts on which you base the opinion that the surplus really ought to have been stated as a deficiency?—In the pamphlet which I have put in I give an examination of all the surpluses, and I think there are 11 of them. At page 8 of my pamphlet I say, "It will be seen that before the mutiny of 1867 there were only two interludes free from confessed financial disaster, the one from 1834–35 to 1837–38, under Lord William Bentinck, and the other from 1849–50 to 1852–53, under Lord Dalhousie. Since the mutiny there have been only three such years. Altogether the Indian Exchequer claims to have paid its way, to have achieved a surplus, and to have sometimes even paid off debt in 11 out of the 35 years, 1834 to 1869. Deficits, often stupendous in amount, are confessed for the remaining years. Indian credit reposes largely on these 11 years of alleged surplus, and on confused traditions of similar interludes of success in the antecedent periods of the trade monopolies." I had previously stated there that it was impossible to deal with those surpluses in which mercantile and Government accounts were mixed up. The list of them is rather long.

9642. Will you select any year in which there was a surplus, and give the figures?—Take the year 1863–64; "The year 1863–64 purports to show a surplus of 78,347*l.* Mr. Massey, and to some extent also, Mr. Strachey, in their remarks above cited, decline to admit the name of a surplus to a figure so trifling in comparison with the large amounts under balance. More substantial and indeed fatal objections must be made to such inadmissible items as the following, which are miscredited to the revenue instead of to the capital, *i. e.*, the debt account."

Accounts.	Major Heading.	Minor Heading.	Amount.
Home	Miscellaneous, Civil	Proceeds of Sale of Property, Stores, &c.	£. 125,621
„	„ Military	Amount received from the War Office on account of Depot and Recruiting Charges of H.M.'s Regiments serving in India for the Years 1855–56 to 1860–61, and the Amount of Proceeds of Sale of Unserviceable Military Stores	213,434
Indian	Land Revenue	Sale Proceeds of Khas Mehals	289,689
„	Miscellaneous		569,948
		£.	1,198,692

These items, erroneously treated as revenue, more than exhausted the surplus of 78,347*l.* claimed in the Calcutta Blue Book. There is one matter about the financial outcome of the year 1863–64 which I should like to notice in connection with what I said a little ago about the discrepancies in official returns. The Calcutta Blue Book and the House of Commons Journal record a surplus of 78,347*l.*, not a very large amount, but still a surplus. The India Office Blue Book, or Parliamentary Statistical Abstract, admits a deficit of 368,974*l.* for this very same year 1863–64.

9643. But could you briefly state, in order to give the Committee an opportunity of cross-examining you, the items in any one year which have been put down as income, and which you think ought to have been devoted to diminishing the debt, the result of which has been that where there appears to be a surplus there really is a deficiency?—I have said this, "It is true that a surplus of income over expenditure, with sometimes a partial reduction of debt, has been claimed on one or two rare occasions in Anglo-Indian history; but those affectations of surplus will be found on examination to be, like Pyrrhic victories, more discouraging than disaster itself. Indian financiers have never succeeded in claiming a surplus or equilibrium, except when they have been permitted to defer payment of accrued charges, or to treat as recurring income available for expenditure forestalments of future revenue, unexpended portions of former loans, sale proceeds of stores, ships, &c., which had been purchased out of debt in antecedent years of deficit." I speak of surplus and deficit as a very different matter in connection with a foreign-held dominion from deficit or surplus in connection with any European native Government.

9644. But I want to get at this: can you, in any one year, mention an item which had been put down to income, which ought to have been put down to capital, for instance, the sale of the waste lands or khas mehals, so that the Committee might judge whether your opinion is correct?—In 1862–63, for example, the sale proceeds of khas mehals were 172,900*l.* Then miscellaneous receipts, in all amounting to 1,329,945*l.* They represent chiefly sale proceeds of buildings, ships, and stores; sums which I should say ought to have been placed to credit of their corresponding debits. I should say that the sale proceeds of those should be carried to the reduction of that debt, without which the originals would not have been provided.

9645. Was there anything else in that year besides those two items to which the same would apply?—The opium revenue was abnormally large in that year. Then there were some other things, like the salt revenue, the salt revenue, evidently, I should say, an item of some other year carried to a different year from that in which the duty could properly be held to have accrued.

9646. You think it was not from an increase of the revenue from salt?—It was a large stock of salt purchased by natives on the rumour that the salt duty was about to be raised. A very large sum was realised in one year in that way.

9647. It would probably be followed by a deficiency in the following year?—Yes, and the expenditure of the following year would have to be met in full with this item withdrawn.

9648. You wish to convey to the Committee that the sale of these khas mehals was really the sale of Government property that ought to have been put down to the diminution of debt, and that these

Mr. *J. Geddes.* 7 July 1871.

these miscellaneous receipts represent the sale of stores and ships and things which had been partly furnished with borrowed money, and therefore ought to have been appropriated to the diminution of debt?—Yes, the sale proceeds of a khas mehal representing the capitalised amount of a certain existing annuity and a certain potential annuity for the Government.

9649. You have looked into the subject of the small amount of the debt which is held by the natives as compared with the English, have you not?—Yes, I think 91 per cent. of all the liabilities of every kind are held by Englishmen, and I think 9 per cent. by natives.

9650. You make a distinction between the moral obligation which England imposes upon herself with regard to those loans which are called Parliamentary loans and those which are not, do you not?—I imagine that all the Indian loans are Parliamentary loans.

9651. But there are certain loans, are there not, raised under the distinct authority of Parliament?—Yes, for example, East India Stock, which represents the trading capital of the old East India Company. That has a greater prerogative than other debt of the Indian Government. But I imagine that the whole of the debt is practically on the same footing now, because I believe an Act was lately passed indemnifying trustees who should invest in any Indian Loan brought out subsequent to the date of the Act. It would be difficult to distinguish between the different portions of the same set of liabilities or to priority of claim.

9652. Is there any other subject to which you wish to refer?—I was asked by Mr. Grant Duff whether the error that I had pointed out had not been corrected some years before; I did not understand the question at the time, but what I should have answered was that I was not aware that the discrepancies had been reconciled. The statements which I criticised bore the date both of them of 1870, both emanating from substantially the same Government.

9653. Mr. *Grant Duff.*] I think you are a servant of the Indian Government, are you not?—Yes.

9654. What was your position when you left India?—I was official collector of Pooree, the southern portion of Orissa.

9655-6. That is a position of some responsibility, is it not?—Yes.

9657. Do you consider that it is any part of the duty of a servant of the Government to be in harmony with the general spirit of the Government that he serves?—Certainly, if there is a single harmonious spirit throughout the Government.

9658. You take by no means a very hopeful view of our connection with India?—No, I do not; I take a very gloomy view indeed.

9659. You have said, I think, in reply to the honourable Member for Brighton, that if we cannot administer cheaply we should withdraw from India?—I spoke of the future; if we cannot administer in the future more cheaply having to face a constantly increasing expenditure.

9660. And is it your opinion that henceforth England must address herself "strenuously and of set purpose, not in mere vague talk as heretofore, to the stupendous and exhausting task of reconstructing native governments all with a view to a speedy and peaceful liquidation of her Indian concerns"?—Yes; as speedy as possible, and certainly peaceful; necessarily to a large extent at the cost of England.

9661. And you think that statesmen "should betake themselves in earnest to real preparation against the collapse of the Indian dominion"?—Yes.

9662. You further think that "our present Government in India" which you serve, "is far from being that good and fine thing which it is generally believed to be," do you not?—Yes.

9663. You consider that "our present administration of India is a failure in temporal matters," do you not?—What do you mean when you say, "in temporal matters," may I ask?

9664. I quote from a pamphlet by Mr. James Geddes: "Our present administration of India is a failure in temporal matters. For it is impoverishing the people"?—Yes. I wished to make sure that the sense of "temporal" was the one in which I meant it.

9665. You further consider that "in matters of immeasurably greater concern it is worse than a failure, for it not only lacks competent Spiritual direction of its own, but it is unhappily breaking down the residuum of the indigenous Spiritual Powers, Brahminism, Buddhism and Islam"?—Yes, I think that a western power impinging upon an Oriental society, of necessity breaks down the Spiritual fabric of Asiatic society; I think that will be a great evil.

9666. You further consider "the aspiration of our Government in India," is "to administer society through only the temporal without the Spiritual Power," do you not?—Yes, that is so.

9667. And you have illustrated that I think, by saying, "of which a Londoner may attain some partial but inadequate idea, if he will think of a current nostrum of policing baby farming efficaciously by registration and what not; all, forsooth, because here the Spiritual Power in these latter days has little courage and less power to enforce chastity"?—Yes; I speak of our Government in India, which I say has insufficient resources, is unable from its very position to appeal sufficiently to the native religious feelings, without which I think a Government cannot be carried on well.

9668. And you compare the Government of England in India, to form part of which you are returning, to the Government of "a few Chinese mandarins, who had begun late in life to acquire pigeon English"?—Well, to a Londoner it is so generally speaking. Of course I wished to put clearly my view, and it is difficult to put the thing clearly, except by stating it in some such form.

9669. That is not an unfair representation of your general view of the English Government in India?—I have thought since then that I overestimated the desirability of putting forth different ideas from those generally and erroneously accepted in London. I do not think that I should put it in that way now, or so strongly. For example, I think that our knowledge of the vernaculars is greater than an ordinary Englishman would suppose from my sentence there.

9670. But do you still consider that "the incurable defect of Anglo-Indian rule," is the lack of Spiritual governance?—Yes, the lack of Spiritual governance as working through native religious institutions.

9671. Do you still consider that "the aggressiveness of the Catholic Christianity of Spain in the Western Indies is paralleled by the intolerance of Protestant Christianity in the Eastern Indies"?—I do. I indicated generally there the reasons for making that statement. You will see that in the announced continuation of Part I., I had proposed to set forth my views generally, giving authorities in the sequel.

9672. And you believe that the English dominion in India is a great wrong to the English working classes?—I do, a great wrong.

9673. And you believe that what you do describe as "Sahebdom," which I suppose is the English administration in India, "has more to fear from Sociologists in England than from Wahabis in India"?—Yes, I think that in case of any trouble in India, another mutiny, the difficulty of raising money in the face, say, of a Gambetta, determined not to have this any longer, that would be a more serious difficulty than anything that the Mahomedans can at any time array against us.

9674. May I ask you if the following sentences express your mature opinion with regard to the relations between India and the English working class: "They would be better off if the English capital, which in enormous sums every year is drained away to India, and thus aggravates the exhaustion of India by further levy of tribute for interest payment from overworked or disheartened starvelings, aggravates the degradation of England by the further luxurious consumption of rentiers idle or retired into idleness, were applied reproductively in this country. The English workmen have begun to struggle for their interests as class interests, in a new kind of class devotion transcending the old territorial patriotism?"—Just let me say about that expression, "overworked or disheartened starvelings," that I use that as correctly describing the position of a great many of the India people, not all.

9675. But are those sentences that I have read a fair description of the Government of India, in its relation to the inferior classes of India, on the one hand, and to the working classes of England on the other hand?—That is so; it is my matured opinion. I wish you, however, to understand that I am describing there the condition of a portion of the Indian people: you would gather of course from my previous evidence, that I did not mean it to refer to all; I spoke, for example, of tenures in Bengal in a very different condition.

9676. Do the following words still express your opinion. "In this spirit the English labour leagues will, sooner or later, bring English capital to bay within the four seas, and, in the impending conflicts, will refuse any change of venue to India, or to the colonies, or to elsewhere beyond their reach. They will put not only in argument, but in action, the maximum that riches are social in origin, and should be social in destination"?—Yes, I am describing there what I believe to be part of the inevitable course of English politics towards India. I am expressing there my opinion as regards the tendencies of the future.

9677. And you think that what is wanted for the good of India is a committee of public safety, and not what you describe as "an Alice in Wonderland Jury at St. Stephen's"?—Yes, I have said that I think that it is necessary to have a committee which will take some definite action.

9678. Mr. *Cave.*] I did not quite understand your theory about the land being impoverished by the cost of transport of produce to a distant government, will you explain that further?—You would have a similar thing, in what Judge Longfield describes under the tenures in Ireland, in the Cobden Club volume. He speaks there of absenteeism, of the absentee landlords having to receive their rent in another country, as being an aggravation to a people who have only agricultural produce with which to make good the demands against them, and having to bear the cost of transporting these to a distant place.

9679. But is not the produce of land in India, that is to say, the value of the agricultural produce, expended in India?—No; large sums are certainly not expended in India; large sums are obviously expended in London.

9680. What sums do you refer to?—The Home Charges.

9681. Those are very small, are they not, compared with the whole expenditure in India; they amount, I think, to 12 or 13 millions?—I think that is a large sum for native industry to maintain at such a distance; 13 millions is the amount given by the Duke of Argyll in a despatch on irrigation works.

9682. At the same time a very large sum is spent from England in India upon works?—Yes, that is so. There is a very great difference, however, between the two. What the Hindoos have to part with, they part with absolutely; what they get on public works they do not get absolutely, but on loan, and they have to pay interest on it. Not only so, but the classes who send home to England the agricultural produce, from which the home charges have to be defrayed, are not the same classes to whom the influx of railway and other money comes; the influx of railway money is local while the taxation is general.

9683. Is it not the fact that railways and other public works have increased wages all over India?—Not all over India.

9684. Over a large extent of India?—In a recent Budget Statement of Lord Lawrence's, about 1866 or 1867, he particularly describes what is generally known in India, that the rise of wages is mostly near the railways; there has been a general rise of wages throughout India also, but that is not a measure of prosperity to a great extent, but it is largely due to the enhanced price of food.

9685. But has not that rise in wages throughout India been caused by the greater comparative wealth of India in consequence of increased trade and of public works?—Partly, of course, it is. In any parts of India, whenever there have been large public works, the wages have risen very materially; you cannot throw any large sum of money into a population not very far advanced without dislocating all the current rates. It does not follow that the high rates of wages will continue. For example, it is only a year or two ago since after the large sums which were no longer spent in the Central Provinces, or after such large sums as had been spent in the Central Provinces were no longer spent, the Central Provinces which are ordinarily supposed to be very flourishing were troubled with famine. The Chief Commissioner, Mr. Morris, remarks on this in the Statement of the Moral and Material Progress and Condition of India for the year 1868-69, and he there mentions one of the things which I alluded to, in

Mr. *J. Geddes.* 7 July 1871.

answer to a question of Mr. Grant Duff's, the different spirit which may prevail in native society owing to our rule, or under our rule, as Mr. Morris would put it. He describes there generally how the rich people formerly would have done their duty better to the poorer natives, and that there has been less of this of late years.

9686. But do you mean to state that wages have diminished in the Central Provinces lately?—I do not know; I imagine that they have. I have not served in the Central Provinces; I merely know the general fact that a great many people have died.

9687. You have stated that wages have increased generally all over India, which is usually an indication of prosperity, but you say that now expenditure has been diminished in the Central Provinces, and I understood you to infer from that that wages have diminished?—I say that the rate of wages has diminished, at any rate by what you could assess it at for a day's labour; after the Jubbulpore Railway was finished I fancy that coolies could be hired cheaper for the day.

9688. Do you know as a fact that the wages have diminished in the Central Provinces?—No, I have not personal knowledge of the Central Provinces.

9689. You stated that one of the effects of the expenditure of the Government drawn from the taxation of the country has been to extend cultivation. You stated that cattle were worked more than they had been before, and that pasture lands had been broken up and turned into arable to increase the export of produce which was necessary?—Yes, in the preceding statements, I am proceeding very largely on official publications, as well as on my own personal observation.

9690. Supposing that is so, is not that the greatest indication of prosperity that you can possibly have in a country?—Not if the people have not enough to feed on. If the people die, the word "prosperity" as regards them terminates, I imagine.

9691. Is it the fact that in these countries where cultivation has increased the people die?—In many places, in our re-settlement of Orissa, for example, or any other province, you would find an increase of cultivation with an increased population. It does not follow from an increased cultivation that the people are better off. The area of cultivation may be extended, but it does not follow that the people are better off, possibly there may have been people to eat the produce, and certainly a greater proportion than formerly of the surplus receipts has to be sent off to London.

9692. You stated that in this particular place cultivation had extended, and that the export of produce was greater, that, in fact, the cultivation had extended for the purpose of maintaining that export; well then, does not that mean that the people had as much to eat as they had before, and money besides, in return for selling the rest?—No, it does not necessarily; they might have to give out as fast as they gained. If taxation swallowed up a considerable proportion of their produce, it does not necessarily follow that they would be better off. If there were no taxation they would be better off, but it does not follow that under taxation they would be better off. I cannot say how far taxation is the cause in any one case, or how far in general taxation is the cause of greater hardship in life; I speak of it as one of the causes.

9693. I do not understand how it is possible that, if cultivation has extended and part of the produce is exported, the country can fail to be richer than it was before, when the whole produce was consumed upon the land?—If the cultivators in India deport oil seeds to England, the proceeds of which go to fatten bullocks for the London market and to lubricate English machinery, it does not follow that those cultivators will be better off. They select a crop which will bear carrying over a far distance. For example, they could not propose to offer market garden produce, which would perish on the way; they are at a disadvantage then necessarily in the very fact of being required to export.

9694. Does not the money that comes from this export of seeds go into the hands, in the first instance, of the ryots who grow them?—And much of that has to be parted with again immediately. For example, to take a well-known staple, the monies advanced in Behar for the earnest hire of cultivation of opium return almost immediately from the ryots, through the zemindars, in the shape of land-tax payments into the Government Treasuries throughout the province. That is a system of truck, which does not enrich the people.

9695. The cultivator, at any rate, lives on the crop, and the rest goes to the revenue of the country?—If he has to pay much of the money as fast as he gets it into the Treasury, it does not follow that he is better off.

9696. He is not obliged to grow opium, but may grow corn if he pleases, may he not?—He may grow corn if he pleases, if he finds a man to make him the necessary loan or advance.

9697. Does not he choose opium because it is the most profitable crop?—It is the most profitable crop, but the greater part of the profits goes elsewhere than to the ryots.

9698. Does not he get for growing opium a larger portion of the profit to himself than he would get if he grew corn?—Obviously he does, or he would grow corn; but it does not follow that he would not be better off if the taxes to which he himself contributed were not applied to rearing opium.

9699. Of course he would be better off if he had no taxes to pay, and so would everybody, but you seemed to say that it was a bad thing for the country that opium was grown instead of corn; now you say, do you not, that the country is richer in consequence of the growth of opium instead of the growth of corn?—Ryot by ryot carries on the struggle of life for a time better; it does not follow that the country at large is better, nor does it follow that that particular ryot would not have been better off if the Government could afford to do without the opium business altogether, if the opium were left entirely free, if there were no element of compulsion anywhere in any part of the opium arrangements, that is to say, if the opium business were not a part of the political system.

9700. How does that affect the cultivator?—You have 200,000 bayonets enforcing payment of taxes, part of which are devoted to growing opium, and I speak of that as involving compulsion. What I generally take exception to is the theory under which every ryot is presumed to be a free agent in every matter.

9701. But you said that the ryot was perfectly free to grow corn instead of growing opium, therefore

therefore 200,000 bayonets would not have any effect in making him grow opium instead of corn?—They would not be applied, particularly to him; but the revenues are obviously raised with force, if necessary, to secure them, and part of the proceeds are devoted towards the opium speculation.

9702. I do not see what that has to do with the ryot growing opium instead of corn; he does it because he gets more profit out of it than any other crop, and he chooses the crop for that reason, does he not?—You speak of the ryot from season to season; I speak of the condition of society from generation to generation.

9703. I do not go so far as that. Take the ryot as one portion of the ingredients of the country; and if it suits a ryot to grow a particular crop, and he is left free to do it, I do not see how compulsion operates?—That, of course, involves the very meaning of "freedom."

9704. I do not understand in what way he is not free. He has taxes to pay out of this crop; so has everybody; but in what sense is he not free?—I may explain generally that the ordinary theories of political economy under which every question of that sort is generally viewed seem to me to be erroneous in assuming that every human being is a separate atom, and also that every separate atom enjoys complete spontaneity. I am of opinion that there is compulsion everywhere in any and every government.

9705. Is it not the best thing for a country that everybody should grow in it the crop which the soil suits best, and from which the largest profit is obtained, and that the surplus of that should go to buy elsewhere what some other soil grows best?—Certainly.

9706. Is not that exactly what is done in the Malwa district, when opium is substituted for cereals?—Do you speak of the advantage to the ryot in Malwa, or of the advantage to society generally?

9707. I am speaking of the advantage to the people who grow the opium?—Obviously the fact of their growing opium shows that they consider it in their particular season more profitable. Whether the political agency under which all this is done, which reaches from China to the Atlantic Ocean, is enriching the country in that process is a question on which I hold a different opinion.

9708. But we must come back to the narrower question of growing opium instead of cereals, which you seemed to think was a bad thing to the country in which it was grown?—In the severe famine of 1866, I imagine that the people in Behar would have been better off, supposing that the condition of society had been different, and the entire political arrangements different. The shortness of the monsoon would have been got over sooner if the acreage which was under opium in that year had happened to be yielding wheat.

9709. But was not the famine caused by the season being so bad that nothing grew at all?—No; the cultivators would have had a reserve from the previous year's growth in wheat.

9710. How would you have had a reserve if you only grew enough to support the people?—The natives *themselves certainly would have one of their* chief customs, one of the customs of the old conservative native, is to have stores of food against a bad year.

9711. And you think that it is better to have the whole country growing corn, and to have stores of food in case a famine should come once in a cycle of years, rather than to grow opium and sell the surplus, and buy what is wanted?—I would agree with the old conservative native that a surplus set aside for sale should be only such as should remain after putting aside enough to provide for the vicissitudes of the following season.

9712. You stated, that in case the natives were left to themselves they would stop drunkenness and the consumption of opium by putting those who offended out of caste?—They certainly would throw themselves upon that.

9713. Is there anything to prevent their doing that now?—They can do so now, but they have greater difficulty in fastening upon the people through whom it is done. In a native condition of society, and under a native rajah, the brahmins would sit *dharna* at the gate of the rajah if he did not give up growing opium, or they would put out of caste any man who sold opium. It is not easy to put opium vendors out of caste when they form part of the Government machinery. It is less easy to enforce the caste system in a society administered by a foreign power which itself does not acknowledge that caste system.

9714. *Chairman.*] Would they not always put him into caste again if he paid a sufficient sum of money; do you not know that a person who is not one of the exalted caste if he weighs himself against gold, and gives weight enough, is made a brahmin?—Yes; and that fact is of the same importance as the fact that a rich man can do a great many things in this country which a poor man cannot. That the spiritual authority is incomplete is true, and that the spiritual authority does great things is also true.

9715. Mr. *Cave.*] There is nothing in our law to prevent the spiritual authority being exercised itself, is there?—If the spiritual authority threw itself upon the vendors, and found among their the masters of 200,000 bayonets, they would not be equally able to enforce their religion.

9716. We should not interfere in any way by means of the bayonets, should we?—If the Wahabis declared a crescentade you would interfere. If the brahmins thought it necessary to throw themselves upon the vendors of opium all over the country, you would interfere then.

9717. To keep the peace, you mean?—Yes.

9718. *Chairman.*] Do you recollect whether a very considerable number of the Mahommedan kings in the Deccan and in the central parts of India did not die of excessive drinking, whether that was a common end of their career?—That is not the out-come of the Mahommedan history, so far as I remember it.

9719. Mr. *Cave.*] I did not quite understand what you stated about the buildings in India, temples and other famous structures being an evidence of the people having been lightly taxed in former days?—My general experience is that I do not see any amount of temple building equal to keeping up the existing set of temples. There is not an amount of repair equal to the wear and tear of the existing temples.

9720. Is it not generally supposed that all those magnificent buildings, not only in India, but in Egypt and elsewhere, were constructed by the forced labour of slaves?—Yes, by forced labour but under a system that was largely consonant with the ideas of the native society at the time.

Mr. *J. Geddes.* 7 July 1871.

9721. Was it not a system in which there was one despot who disposed of the lives and liberties of all his subjects as he liked, and, amongst other things, obliged them to build these temples?—That might be a very good thing indeed.

9722. *Chairman.*] Do you think that with regard to the period, before the British Government existed in India, it would be right to say that the native governments took from the people the largest possible share of the produce of their land that they could get?—No, I think not; I think that all our early historians exaggerate the extent of disorder in India; that they exaggerate the break down of native society. I question whether a native now would not estimate that there was a considerable set-off against what we think our better administration, say, in the condition of our police.

9723. But as a matter of fact, do you think that speaking of the time when the British Government was established (I am not going back to the supposed golden age of India) it was then the practice of the native rulers, such as then existed, to take as much of the produce as they could get from the cultivators and occupiers of the soil?—No; I should not accept that as the condition of society at that time. I should hesitate to fasten an indictment against a whole government in that way.

9724. I am speaking generally; there may be exceptions; but do you think that that was as a rule the general character of the state of affairs in India at that time?—I do think that the governments at that time were in a course of anarchy and considerable anarchy.

9725. And they were in the habit therefore of getting as much as they could from the occupiers of the land; there may have been those here and there who restrained themselves within much narrower limits; but that was the rule, was it not?—No, I should demur to that; that would imply that the governors looked upon themselves as in chronic hostility to their subjects; that was not the condition of things.

9726. What do you think was the limit which they put to their demands upon the inhabitants generally?—If you mean the central power, the central power is naturally limited by the ideas which the local powers have.

9727. I mean those who had the power of taking?—They were not purely arbitrary powers; they were limited by the spiritual ideas existing at the time, by the opinion of the priests, by the opinion of the current ideas of society, by the general idea which natives call the use and wont.

9728. Have you any idea what they considered as a rule to limit the demand which they made in quantity?—I do not know of any measure by which to measure it.

9729. Could you suggest in any set of provinces, or throughout any part of India, what was considered the limit of the demand that might be taken by the Government and its officers, individually and collectively, from the occupiers of the soil?—In what form assessed; do you mean in money?

9730. Either in kind or in money, and taken either by the superior or by the inferior authority, and all the agents put together?—I know no numerical measure by which to tabulate the proportional taxation of the native and the English administration respectively.

9731. What do you think was the general application of what they took; was it for any purposes that benefited the inhabitants, or was it for the purpose of maintaining a very large number of persons in idleness, and persons who would come under the common name of followers, irregular troops, and persons of that sort?—That was so. Those followers might be doing good service, say, in guarding the frontiers, and they might do it more cheaply than English soldiers who require to have their beer sent out to them all the way from England.

9732. I ask not what they might do, but what they were doing then; were they rendering any service to society, or marauding and plundering upon their immediate neighbours?—They were rendering services to their immediate neighbours, and often they were marauding and plundering; it is impossible to give a precise answer to such a question.

9733. As a general proposition, was not the money so received spent in maintaining large bodies of retainers, followers, and so forth, who did nothing?—No; I should demur to that. I should demur to countersign such an indictment against any portion of past history; any government which was so uniformly in the wrong could not have continued.

9734. That is not exactly the question; I am asking you for a general view of the state of things?—You put the question, does this represent your opinion of what took place under the native government, and I am saying that an answer, yes, or no, would not represent the true state of things.

9735. What did they do in any way for the people with the money that they received except keeping up retainers?—Taking a condition of society in which you had a Menu formulating precepts for society, or a condition of society in which you had buildings like the Musjids at Delhi, I think there were many creditable things in such a society.

9736. Do you think that those were going on at the time the British Government was established in India?—I think there was more original thought among the natives before the English came among them.

9737. I was speaking of the time when the British Government was established?—I think so; I think there was a large measure of prosperity in the country at the time; all our early travels which we read indicate a large measure of prosperity.

9738. Do you know whether whole districts had been depopulated then by their marauding violence?—There was a great deal of marauding violence just as there were English invasions of France in the Middle Ages; but I should hesitate to say that Europe was uniformly marauded during the Middle Ages. I think I remember Shore describing the Chandani Chauk at Delhi under native government 200 years ago, as being certainly far finer than any street in London. Many of his views coincide with much that I express.

9739. Have you considered at all what has been the increase of the annual productive wealth of India since the period of the establishment of British rule, taking it at the beginning of the century?—I have done so very carefully. I have gone over, for example, the tables of exports and imports with the utmost care; those are obviously among the best indexes of the condition of the people. I have examined them most carefully.

I am

I am unable to separate them so as to see how far the increasing exports are due to annexations. I have therefore a difficulty in saying how far the prosperity has been due to English administration.

9740. I am asking you whether you have considered the increase of the annual productive wealth of India at the present time as compared with the productive wealth at the beginning of this century?—I imagine that it is more productive. By "wealth," you mean, I suppose, capital; the accumulated proceeds of former labour.

9741. No; I mean wealth in the proper sense of the term, everything produced in the year?—I think it has increased. I think the rate of interest, for example, is normally falling.

9742. It would prove, therefore, that the people produced enough for their subsistence, and something more to save in the year, would it not?—I should say that the fall in the rate of interest is only a matter which I speak to from my own personal observation in a very limited, and that too an exceptional, sphere.

9743. You know, at the beginning of the century, the ordinary rate of interest was 9 per cent. for money in deposit at a banker's?—No ordinary native could have got money at the beginning of the century for 9 per cent.

9744. He would have paid a great deal more, but the interest allowed by a banker on deposit would have been about 9 per cent. would it not?—The English rate of interest was probably about 9 per cent., and that was the rate of securities in 1808 and 1811. Henry St. George Tucker speaks of that as being the rate of interest at the beginning of the century.

9745. I asked, did not a person get 9 per cent. interest for depositing money with a bank at the beginning of this century in India, an English bank, I mean?—I should have thought he would have got more.

9746. If he deposited money with a native banker, he would have been sure to have got about 12 per cent. at the beginning of the century, would he not?—I do not think that native bankers are fond of giving interest to Europeans.

9747. I am speaking merely of operations between natives; if a native deposited his money with a native banker at the beginning of the century he would probably have got 12 per cent.?—I do not think so; I have no means of judging.

9748. Do you happen to know at what rate bankers were in the habit of lending money at the beginning of the present century; would it be too much to say that they lent it at the rate of 1½ or 2 per cent. a month?—There is no means of tabulating accurately the rates of interest either then or now; I have tabulated the English rates of interest.

Mr. J. Geddes. 7 July 1871.

9749. Do you think we should speak within the mark if we say that now it is half what it was at the beginning of the century?—No; I do not think it has fallen nearly a half.

9750. How much do you think it has fallen?—I have no means of saying. When I spoke of normally falling, I carefully said, that I spoke of my own observation; I am unable to tell you how far it is temporary, and due to an exceptional influx of money. For example, in Orissa, in which I chiefly made inquiries, the Irrigation Company, I suppose, put money into the country available for some of the Mahajans, and the rate of interest became rather lower.

9751. That would prove that the community was thriving and accumulating every year out of its produce?—No; it would show that some classes were being made rich by the irrigation money; it does not follow that the rest of the community were. It was not the same part of the community which got the imported money which had also to bear the interest charge.

9752. But money would not be imported into the country, unless it was accumulated in some form or other in the country, and represented some kind of produce in the country?—Yes; for example, you have 311,000,000 *l.* supposed to be hoarded in the century.

9753. That would tend to prove that there was money available for investment, and besides that a great deal of money accumulated, which they did not want to invest, because they were so well off?—I should not draw that conclusion; the sum supposed to have been absorbed by India I think was 311,000,000 *l.* sterling excess of imports over exports of bullion; that is, from 1800 to 1867.

9754. It would assume, I say, that they have arrived at such an improved condition that they have now capital to lend amongst themselves, some classes or other, and that they have more than 100,000,000 *l.* of capital that they do not even care to lend at a rate of interest?—No; because if you take 311,000,000 *l.* and distribute it over 202,000,000 of people, you will find that it is an importation of rather less than 6 *d.* per person every year, or 1 *l.* 12 *s.* 7 *d.* per person for the whole 67 years.

Tuesday, 11th July 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Eastwick.
Sir Thomas Bazley.	Mr. Fawcett.
Mr. Beach.	Mr. Robert Fowler.
Mr. Birley.	Mr. Lyttelton.
Mr. Candlish.	Mr. M'Clure.
Mr. Cave.	Sir Stafford Northcote.
Mr. Crawford.	Sir David Wedderburn.
Mr. Beckett Denison.	Sir Charles Wingfield.
Mr. Grant Duff.	

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. JAMES GEDDES, called in; and further Examined.

Mr. *J. Geddes.*

11 July 1871.

9755. *Chairman.*] Do you wish to make any statement with reference to the answers which you gave on the last occasion?—Yes, with reference to several of the answers that I gave on Friday. Owing to the length of the examination I stated some things incompletely, and one or two things I stated erroneously, and I wish to have an opportunity of supplementing some and of completing the evidence in others. In answer to Questions 9497 and 9498 I spoke of the earlier famines of the last century as compared with the later famines of the present century. Since Friday I have verified the figures which I quoted on that day, and I now wish to put in a complete statement of the figures (*Vide* Appendix, Paper I.); I shall be very glad to have an opportunity of being examined further on those questions, having since Friday revised all my notes on the whole question of the famines. I shall also put in statements from several high officials concerning native opinion on the growing hardship of life (*Vide* Appendix, Paper II.).

9756. First, with reference to the famine of 1770, what more have you to say?—I shall put in the financial and other statistics of the famines of 1770, 1860, and 1866 to admit of comparison (*Vide* Appendix, Paper I.).

9757. Will you state the principal facts embraced in the Return?—In the three sets of years I show (1) the population concerned, or supposed to have been concerned; (2) the amount of revenue remitted by Government; (3) the amount spent in relief by Government, and (4) the statistics, as far as tabulated, of the mortality.

9758. Will you read those to the Committee shortly?—They are mostly verifications of my last day's figures. Shortly, they stand thus: Dr. Hunter makes out that the famine of 1770 was very much more severe and ranged over a very much wider country than the famine of 1866. But that that was not so will appear from the statements of revenue remitted in both the years. There is this dilemma: Warren Hastings must either be convicted of inhumanity towards the people, or, on the other hand, he may be admitted to be inaccurate as to one of his figures, and that a casual one.

9759. Do you consider that a necessary consequence of the facts?—I do.

9760. Do you suppose that if there was no food in the country for the people to eat it would constitute inhumanity on the part of Warren Hastings if he could not get them the food?—In answer to that question I should like to enter into the grounds upon which I make my statement.

9761. Sir *C. Wingfield.*] Are you referring only to the sums remitted or to the sums actually disbursed by the Government in relieving the famine?—Both. In the first place, as to the famine of 1770, it is a moot question still among Indian officials as to whether the famine was caused by drought or by rain, so little is known of the famine of 1770.

9762. *Chairman.*] But if the fact was so, that there was no food in the country, and that 10,000,000 of people died of starvation because they had nothing to eat, Government could not be charged with inhumanity unless it had the means of giving them the food, could it?—The Government being aware of the short crops in 1769, having very complete information, as Dr. Hunter shows, on the state of facts existing at that time, added 10 per cent. to the revenue demand for the following year. It would have been inhumanity to have added a demand of 10 per cent. to the main taxation had the disaster been so very great as was at all likely to cut off anything like a third of the population. I should say that Warren Hastings transferred the figures of the mortality of one district in a general way to an area which he calls the province; that district, as will appear from Dr. Hunter's statement, may have been Purneah. Warren Hastings speaks of the mortality of the province as having amounted to a third of the population, which seems an incredible statement in the body of the Reports as to the amount of revenue collected.

lected. Dr. Hunter says, "In a year when 35 per cent. of the whole population, and 50 per cent. of the cultivators perished, not 5 per cent. of the land tax was remitted, and 10 per cent. was added to it for the ensuing years 1770–71." Dr. Hunter adds in a foot note, "Different letters represent different remissions. Before September 1770 the balance was only 80,332 *l.*; it was afterwards reduced to 65,355 *l.* out of a total demand of 1,380,269 *l.*" Now, I should rather admit Warren Hastings to have been inaccurate in a casual statement than pronounce him inhuman in having remitted so little revenue.

9763. Sir *C. Wingfield.*] That could not have been the land revenue demand of all Bengal, because even then the land revenue of Bengal and Behar, and Orissa, must have been very much more than that amount of 1,380,000 *l.*?—The population which Dr. Hunter speaks of as having died is 10,000,000; being a third of the entire population of which he also speaks as 30,000,000; and that further confirms my statement.

9764. *Chairman.*] It must have been very nearly the same then as now, seeing that the permanent settlement took place some years afterwards?—I am assuming that Dr. Hunter is right in saying that the people who paid 1,390,269 *l.*, and got so little remitted, were the people of whom 10,000,000 died. I am not answerable for Dr. Hunter's figures.

9765. Do not you think that you might form a judgment for yourself of the accuracy of the figures that you quote?—I ought to tell the Committee exactly how that is; I think that Dr. Hunter speaks of the entire province, of the 30,000,000 of Bengal.

9766. Sir *S. Northcote.*] I understood you to say the other day, that you consider that famines had been of late years more severe than they were formerly; and you instanced the famine of 1770 as one that you believed to have been less severe than the Orissa famine, did you not?—That the famine of 1866 was area for area very much more severe than the famine of 1770.

9767. *Chairman.*] From your statement that the famine of the latter year was more severe than the famine of the former year, while the deaths in the latter year were fewer than in the former year, are we to infer that the Government was better or worse in the latter period?—I am saying nothing as to the goodness or badness of the Government, except as bearing on the question as to whether famine was more severe in the last century, or the present century.

9768. I understood your observation to be, that owing to the present method of administering the Government, the people suffered more than they suffered formerly?—Yes.

9769. How is that consistent with the fact that one-third of the population, as far as the information that you give us goes, died in the former period compared with the number of deaths in the recent famine?—I was saying that a third of the population did not die. I was saying that the only warrant for saying that there had been such a mortality, an incredible mortality in Bengal, is the casual statement of Warren Hastings, not borne out either by his own statements or by the body of the evidence adduced by Dr. Hunter.

9770. Might it not be consistent with the facts that, in consequence of the high price of grain, there was a sale of grain sufficient to pay the revenue, and yet at the close of the season there was not enough for the consumption of the people, and therefore famine ensued?—No; the Indian husbandmen are not so ignorant of the following year's requirements as not to be able to tell at the harvest whether, having paid the Government revenue, they will be able to live on the remainder of their crop till the ensuing harvest.

9771. Sir *S. Northcote.*] I understand you to argue that the famine of 1866 was more severe than the famine of 1770, and when your attention is drawn to the fact of this large proportion of population (which was greater than the proportion that died in 1866) died in 1770, you challenge that fact, and you challenge it, as I understand, solely on the ground that you cannot reconcile it with what you discover as to the smallness of the remission of revenue; is that so?—I refuse to allow the fact that a third of the population, that 10 millions of people died in Bengal in 1770; and I am stating the reasons why I refuse to allow it, and therefore I demur to the conclusion of Dr. Hunter.

9772. You refuse to believe it mainly because you cannot conceive that so small an amount of revenue would have been remitted if that had taken place?—Yes.

9773. Then you put the dilemma that if that amount of distress prevailed, and there was so small a remission, it proves cruelty on the part of Warren Hastings?—Either cruelty or inaccuracy.

9774. Do you set that first alternative of the dilemma completely aside as an impossible one?—Yes, Warren Hastings was not so inhuman as the casual statement given by him would imply if assumed to be true.

9775. But are you not aware that it was charged against Warren Hastings at the time, and against his system of administration; I do not say that there was personal cruelty on his part, but that the system was a cruel one which wrung these payments from the people at a time of such pressure?—Yes; and it was clearly shown how very strong the pressure applied was; and if so much pressure needed to be applied, the demand must have been a full one; and if of a full demand so little was remitted, I argue that a third of the people could not have died, and that we must allow Warren Hastings to have been inaccurate.

9776. But was not the charge against Warren Hastings that, in many instances, he put things a great deal too much into the hands of native administrators, who exercised great pressure and cruelty, which Warren Hastings was probably not personally cognisant of, for the sake of bringing up the amount that was remitted?—That was among the charges against Warren Hastings that he consciously allowed unscrupulous native agents to do as you have described.

9777. If, in a famine which takes place now, a larger amount of remission occurs than in a famine of corresponding magnitude under the old system, that will be an argument in favour of the present system as against the system which we are comparing it with, will it not?—It would, assuming the facts to be so; that is to say, assuming the correctness of the assertions made as to the comparative severity of the former and of the later famines by the official apologists for the modern Indian famines.

9778. *Chairman.*] Has it occurred to you that the people who died in that famine belonged to one class of the community, and that the

Mr. *J. Geddes.*

11 July 1871.

people who paid the revenue belonged to a totally different class?—No; the land revenue at that time must have reached, even more than now, the entire mass of the community.

9779. But was it the fact that at that time the zemindars paid the land revenue, or was it collected direct from the ryots, who were the persons who died in the famine?—Partly from the ryots direct, mostly through the agency of the zemindars.

9780. But was it not paid, at that time that we are speaking of, almost universally through the agency of the zemindars, and in a very small degree direct from the ryots?—Yes, I think it was.

9781. Have we any reason to suppose that the zemindars died of famine; do you think it probable that any single zemindar in Bengal died of famine?—I think it is very likely; the word "Zemindar" is a very wide one.

9782. In the sense of a zemindar being a collector or payer into the Treasury of the land revenue, do you think persons of that class and station died of famine?—Not generally.

9783. Then the persons who had to pay the revenue belonged to one class having resources peculiar to that class, and the persons who died of the famine were another class, wanting the resources of which the other class were generally possessed; is there not, therefore, a broad distinction in your own mind, between the zemindar and the ryot?—I see the distinction, but I demur to the inference. A society could not have continued; zemindars could not have obtained any credit or reserve on which to carry on the work of the year, with a mortality like that; they would not have paid the Government revenue in 1770 had a third of the population really been dying.

9784. Within your experience, did you find a difference between the position of the zemindars two or three years ago, and the position of the ryots?—Yes.

9785. And you found that the zemindars possessed resources which the ryots did not possess?—As regards surviving.

9786. You found that the zemindars did not die of famine, but that the ryots did?—In the sense in which the term "Zemindar" is ordinarily understood, do you mean?

9787. In the sense in which we are now understanding the term "Zemindar," and as it is generally understood in India, namely, as a person who pays the revenue to the Government, and does not himself occupy and cultivate the soil; did you find that class of persons dying of famine?—No; as soon as the harvest of 1865 in Orissa could be appraised by the cultivators, the zemindars all pressed the Government to remit the land revenue demand falling due at that time; the zemindars knew whether the ryots, after parting with the portion of their crops required for defraying the Government revenue, would have enough of grain remaining to enable them to tide over the following seed-time, and survive till the following harvest. The answer which Government gave to these petitions of the zemindars and ryots was a reminder that the cultivators were getting higher prices than usual for their grain, and a refusal to suspend the Government demand.

9788. But did not the power, of the zemindar equally in the latter period, and in the former period, to pay the revenue depend upon his credit with a banker to advance the requisite funds, and on the power of the banker to make the advance?—Yes; and in Orissa in the end of 1865, and in the beginning of 1866, there was a perfect panic in all money matters throughout the Province. The people dealing in grain, the people corresponding to bankers in carrying on the business of the country, suffered a collapse of credit; the shutting of their shops was the first serious indication to the Government of the extent of the calamity.

9789. What shops are you now meaning?—The shutting of the Mahajans' shops as bankers and as shopkeepers; the two businesses are all united. A similar panic would have taken place in the harvest of 1769 had the harvest been so short as to be likely to cut off a third of the population.

9790. Still the question of the payment of the revenue was a question dependant upon the relations of the zemindar to the banking community, and their power to furnish the sum necessary to pay the demand of the Government; was it not?—Yes; and I say that had a third of the population died, both the zemindars and the bankers would have been plunged in an utter collapse of credit, and society could not have survived; had a third of the Bengalis really died in 1770, the English Government could not have continued in Bengal.

9791. You are aware that in all the large, and probably in all the small, towns in Bengal there are several bankers who make it their business to advance the zemindars, from year to year, the sum that is necessary to pay the revenue to Government; is that so?—Yes.

9792. Do you not now perceive that the payment of the revenue to Government was a question entirely independent of the means that the cultivators had to feed themselves for the summer months?—Certainly not.

9793. Do you now begin to think that the expression "Bengal," in the remarks to which you have referred, meant Bengal as some province distinguished from Behar and Orissa, and not the Bengal Provinces, embracing those two districts also?—It could not have included Orissa, because Orissa at that time was not under our Government.

9794. But do you think that it meant the district called Bengal proper separately from the surrounding district?—Yes, Bengal and Behar, without Assam.

9795. Do you think that the famine extended to Bengal and Behar and part of Orissa?—I cannot make out how far it extended; so little has been recorded of the famine that it is a moot point whether it was owing to drought or to deluge. I think Colonel Baird Smith maintains that it was owing to rain, but later authorities have ascribed it to drought; and the very fact that there could be such a dispute on a question which determines the whole matter should make us cautious in accepting the statement that a third of the population died.

9796. But does it not appear to be the result of the whole matter, that in the last century more people died and less revenue was remitted than in the famine which recently took place?—No; that is not consistent with the character of Warren Hastings. He was not so very inconsiderate; his knowledge of native customs, his appreciation of native society, has been matched by no subsequent Governor of Bengal. He would have

have known whether the crops of 1769–70 proved such an utter failure as his casual statement would imply; and I do not think that, with his considerateness, he would have continued to hold rule on the terms.

9797. Then, is this your reasoning, that, beginning with the assumption that the Government is worse now than it was before, you disbelieve the facts stated of the past time in order to make them harmonize with your opinion; because I do not understand that you have given us any ground for your disbelief of the facts in the last century, except that they are inconsistent with your theory?—I never said that the Government was worse now than then.

9798. I mean worse in its consequence to the people?—That the battle of life is harder upon the natives I certainly say.

9799. How do you make that out, I want to know, from what you have told us; because you have no facts, it would seem, from which you can discover what occurred in the last century except assuming that it must have been better for the people than it is at present?—I will read a few statements from official sources which will make it plainer. The present Lieutenant Governor of the Punjab, Mr. Davies, in a deliberate minute, comparing English and native administrations, written in 1867, while he was Chief Commissioner of Oude, says as follows: "I submit, however, that the neutrality of the masses is the corner stone of our supremacy. It is, for some reasons, far more important to us than to a native government to place the agricultural population in comfortable circumstances. In a state of never-ending war and confusion there is not the steady increase of population which follows on the restoration and fixed maintenance of peace and order. The inferior soils come under cultivation: the yield is smaller in proportion to the labour; the rude plenty of less crowded times recedes; an uneasy sense is felt of an intenser struggle more scantily rewarded." Here is the statement that I wish to draw attention to: "This, I am told by observant natives, is the spreading sentiment among the rural classes; the complaint is that there is no '*barkut*' (that means blessing or yield of the land) under the British Government. It may be remembered that Colonel Sleeman mentions exactly the same grievance being adduced by the Jats of the Delhi territory. The meaning is that the toil is greater, nature more niggardly, the battle of life harder. The agrarian mind attributes the change to the foreign rule, to the remittance of money to England, to the decay of native manufactures, to anything in short which runs counter to its prejudices; but here we have in reality the eternal problem which meets all peaceful Governments, native or foreign;" and then he goes on to reason upon that. I quote him to show what native opinion is; I disagree with Mr. Davies's reasoning; I quote him to show that there is a feeling among the natives that the battle of life is harder under the English than under the native administrations.

9800. According to that statement it would seem that the natives think that the soil yields less than it did before, because the English administer the Government in India?—Yes.

9801. And what is your opinion of that mode of reasoning?—I agree with them, that the state of things under which much agricultural produce is deported to London tells on the yield of the soil in the same way as the deportation of agricultural produce from Ireland to other countries of Europe used to tell; that is to say, it entails a less return to the soil.

9802. Do you mean to supply a chain in the reasoning there stated, by suggesting that in consequence of the export of the agricultural produce spontaneously made by the natives, the soil is less manured and therefore yields less; that is to say, that less is returned to the soil and therefore it yields less?—Yes, I do; I account the native reasoning to be as accurate as Mr. Davies's reasoning; Mr. Davies's reasoning is according to political economy, and the natives' reasoning, also like Mr. Davies's, is an incomplete reasoning. The facts reasoned on in either case are the things to which I am applying my reasoning.

9803. Then, would it not be more correct to state, that these consequences result from the spontaneous acts of the natives, and their superior mental activity to their former condition, because that seems to be the cause according to what you have now admitted?—Do you mean that they rear produce more eagerly?

9804. No; you have stated that they spontaneously export their produce and thereby they deteriorate the productive power of the soil; is it not correct to say that the consequences are the result of their own action, their superior activity in business?—I have been all along saying that a great part of the exports are not spontaneous but compulsory.

9805. In what sense compulsory?—In order to maintain the ancestral holding the husbandman must pay in the land revenue and the other taxes to the agents of the Government; he must rear the crops which will enable him to do so; he is limited by the very fact that he has to consider what crops will bear exportation to England, or rather the village loan-monger, under whose advice he acts is thus limited; and I speak of exportation under such a system as compulsory. I could read a few more statements similar to that which I have just quoted.

9806. What are the crops to which you chiefly refer in that statement, which have to be exported and which injure the soil?—The superior crops, as a rule, are such as wheat and sugarcane destined mostly for sale to consumers better off than the cultivators in the country; also cotton, opium, oil-seeds, and other similar crops all over India, destined mostly for consumers out of the country. I have prepared a paper showing chronologically how far I think the element of compulsion enters into the progress of exports and imports, and with the leave of the Committee I propose to put it in. It will explain more clearly what I was unable to state so clearly as I should have liked to have done to Mr. Cave on the last occasion. Proceeding with my supplementary statements upon my last day's evidence, in answer to Questions 9551 to 9553, I find that I have made an incomplete answer to Mr. Smith. I had spoken of the expenses of collecting the land revenue constantly increasing, and I had quoted a particular statement indicating that. The answer, as it stands, would imply that I supposed that the pension charge of the collectors was one of the items in pages 14 and 19 of the Calcutta Serial, Part I.; I wish my answer to Mr. Smith to be simply, that the expenses of collecting, one way or another, whether under that table or not under that table, are constantly increasing. I make my reference not only to these tables of land revenue, income

Mr. J. Geddes.

14 July 1871.

and charge, 1860–1869, but to the entire chronological view of land revenue, gross and net, 1792–1869. Then in answer to Question 9648, I say, "The sale proceeds of akhas mehal representing the capitalised amount of a certain potential annuity for the Government;" I mean to say there, "A certain actual annuity for the Government and also a certain potential annuity." Then at Question 9657 I was asked, "Do you consider that it is any part of the duty of a servant of the Government to be in harmony with the general spirit of the government that he serves?" I hope that the statements which I am putting in to-day will show that at all events in the most serious parts of the evidence which I have to give I am confirmed by very high authority. Then at Question 9677, I was asked whether I thought that what was needful was a Committee of Public Safety, and not what I described as an "Alice in Wonderland Jury at Saint Stephen's." If the phrase "Committee of Public Safety" is objected to, I wish to note that I use a phrase already employed by the late Commander-in-Chief of India, Sir William Mansfield. I wish further to state that when I published my pamphlet, at that time it was not known that there was to be a Committee; on the contrary, the general opinion was that Mr. Fawcett's motion would be disallowed by the Government. The phrase therefore did not apply to the present Committee; on the contrary, so far from speaking of the present Committee, upon hearing of the appointment of this Committee I suspended all further publication. When I deprecated such a Committee as that of 1852, I spoke of a Committee which not only failed to take any definite action whatsoever, but which drifted in purposeless inactivity, and was at last succeeded and put to utter shame in a few years later by the terrible disasters of 1857. At Question 9714 there is this question: "Would they not always put him into caste again if he paid a sufficient sum of money; do you not know that a person who is not one of the exalted caste if he weighs himself against gold and gives weight enough is made a Brahmin?" Concerning my answer to that I wish to state that I did not hear the latter part of the question; I did not hear the part "Do you not know that a person who is not one of the exalted caste if he weighs himself against gold and gives gold enough, is made a Brahmin?" My answer "Yes," therefore, is incorrect; anyone who holds such an opinion has no knowledge whatever of native sociology. The rich man has this advantage over the poorer man, that in the feast given to conciliate the brotherhood he can afford the means more readily than the poor man can; but the relations of caste are not matters solely of bribery or of money purchase.

9807. Is there not a great deal of money paid in matters of caste to adjust disputes?—I have said that a rich man can do a great many things in India which a poor man cannot, just in the same way as a rich man in this country can do a great many things which a poor man cannot.

9808. Mr. *Candlish.*] And everywhere?—Everywhere.

9809. *Chairman.*] Therefore the religious influence is not so entirely predominant as to lead us to suppose that those affairs in India amongst the natives are entirely influenced by religious considerations?—Neither there nor here, neither with Hindus nor with Englishmen are affairs entirely influenced by religious considerations. Then, proceeding with my further supplementary statements, in answer to Question 9722, I said "I think that all our early historians exaggerate the extent of disorder in India; that they exaggerate the breakdown of native society." I omitted to state there, that I think in reading the early historians, we must remember the attitude of partial hostility in which Orme and all the early historians stood themselves towards native rule, and the eagerness with which they were ready to applaud all the transactions which secured greater dominion for the Company.

9810. But apart from the early historians, what do you think of the representations that are made of the state of India when the Pindarries were roving, and when they were put down, and when the Mahratta incursions were rife and when they were stopped, and the disorganisation consequent upon them was arrested, at the end of the past century and the beginning of the present century, all through the establishment of the British rule?—At that time we ourselves had come upon the field, and our very appearance on the field added to the complication and to the convulsion of native society.

9811. But do you think that at the period when the British Government was extending itself in India, society was in a settled and orderly condition, or that the country was very much overrun by marauders and that the constituted authority of the earlier Governments had been very much subverted?—It had been very much subverted, partly from causes inherent in themselves, and partly also from the very existence of a foreign power within the Peninsula.

9812. Still, as a matter of fact, do you consider that the state of India then was better than the state of India now, in regard to the comfort and protection of the native community?—That is asking me to compare a time of anarchy with the present time. I am not prepared to give an answer. I think it is very possible that the few hundreds of thousands, perhaps one or two millions, of people who have died lately of starvation would have thought it at least as good to die (if they had to die prematurely at all), under the warlike disorder of native rule then in transition, as under the powerful order of English rule; therefore I am not prepared to say whether India is in a better state now than then.

9813. Do you think, as regards the general security and protection to life and property in India, that it was in as good a state at the time when the British Government was expanding itself as it is now?—No, I should not say that.

9814. Do you think that it was in a very much worse state than it is now?—Any state of order is better than anarchy. We have nothing that I count better for the people than the state of things which went before.

9815. But do you think that, as regards the protection of life and property to the masses of the people, society or the country was in a very much worse condition then than it is now?—Do you mean in the States outside the English dominion at that time.

9816. I am speaking with regard to the expansion of the British Government, that is, taking the condition of the different States before they were acquired by the British Government, and comparing it with their condition now?—If the British Government would have abstained, or could have abstained from annexing them, society would have been much better off under the native

native Government than under the English Government.

9817. I am asking you, not speculatively, what might have happened, but as regards the actual condition of the people in protection to life and property immediately before the British Government commenced its rule, whether that condition was better or worse than it is now?—In order to be able to answer that question, I should wish to have some more precise date given me; say whether at the time when the English dominion stopped here, or at the time when it extended over there.

9818. I am taking it generally with regard to each district before it was acquired by the British Government; what is your opinion, speaking generally?—Well I imagine that Orissa was better off before our annexation.

9819. That the life and property of the mass of the people was more protected?—Yes; that people did not starve so much; that they were not so liable to starvation, and that property was fairly protected.

9820. You are now going upon the famines, but I am speaking of the general civil Government of the country, apart from the question of the casualties of the harvest; were they better off in that general view?—Yes, I think they were. I think Orissa was more prosperous before our Government than it is now.

9821. Now, do you extend that view to the other provinces which have been acquired, Kandeish and the Deccan?—I could not apply it to Oude for example; I should require to examine more carefully, before I applied to Oude all the things that I have read about Oude; but like Mr. Shore, in his "Notes on Indian Affairs," I am unable to say how far disorder in Oude was due to our rule in those territories of ours which surrounded the frontiers of Oude. At one time I took overcharge of a district which had just been annexed from Bhootan, and from the statements made by natives on the other side and on our own side of the frontier, the impression left on my mind (that is five years ago), was that our people were more in fault than the people on the other side for embroiling us in the war.

9822. Have you anything else to add to your evidence?—I should like to state more clearly what I meant by my statement, that there never had been a surplus in India under the English Government; I should like to put more clearly than I succeeded in doing the other day, how the accounts of each of those years which are claimed as having resulted in surplus ought, according to correct accountancy and auditing, to have been properly exhibited. I take first the year 1863-64, and I quote here the accounts laid before the House of Commons, as quoted by the Calcutta Financial Blue-books; the revenue is set down at 44,279,467 *l.*, and the expenditure is stated at 44,201,120 *l.*; the accounts purported to show a surplus, therefore, of 78,347 *l.* I should question the business-like accuracy of that statement; I should ask to deduct certain sums credited, which, I think, ought not to have been credited to that year's income, sums amounting to 1,198,622 *l.* Not only so, but it will be necessary in order to have the accounts properly stated to add on the expenditure side a charge for stores that has been omitted in the accounts amounting to 447,321 *l.* If those erroneous credits be deducted, and the omitted debit be added, the result will be a deficit of 1,567,676 *l.*, and not a surplus of 78,347 *l.*

9823. Assuming the balances of the Treasury to remain the same, the deficits in successive years are measured by the debt?—Yes, that is supposing that no part of the debt has ever been paid off out of loan.

9824. Would not that be immaterial; it would only be putting money on the other side of the account; the actual fact is, that the deficit in the administration of India since it began is measured by the amount of the debt that is now owing?—Yes, but it might not be so from year to year; in one particular year you might just have paid off some debt out of borrowed money.

9825. Your expression was that there never had been a surplus?—There never has been a surplus if the credits and debits be placed on their proper side as a merchant would place them in his books, and as a finance member anywhere out of India would range them in his budgets.

9826. Would it not be immaterial how the credits and debits had been placed; the practical result would be the same, because the deficit would be measured by the debt?—Yes, provided the increase of debt be sufficiently acknowledged. One series of the India Office blue books brought down to 1870 sets down that year, 1863-64, as not in surplus by 78,347 *l.*, but as in deficit by 368,974 *l.* I should mention, in order to let the Committee cross-examine me upon it, what those items, which seem to me erroneous, are. They are first proceeds of sale of property and store in the Civil Department. That seems to me an exceptional item of credit coming after years of very heavy deficits.

9827. But any credits that arise from anything sold must necessarily be the result of an expenditure in a former year, the result of something bought?—And bought, therefore, out of debt in a former year of deficit.

9828. Therefore if the expenditure in a former year was part of the expense, the receipt in a subsequent year must be part of the income?—It should be passed through the income side of the year's cash balance; whether it should be carried to current expenditure is the question on which I differ.

9829. Then if you object to the receipt coming from this source being part of the income, you would necessarily have to object to the expenditure from which the receipt came being part of the current expenditure of a former year?—Yes; what I maintain is that the Indian chancellor should have honestly faced a restatement of the misfortune that the one year like the other year, the later year as well as the earlier years, had resulted properly in deficit.

9830. Then in the former year would you not take out the expenditure?—No, I am not going upon the former year at all.

9831. I understand you to object to the proceeds of the sale of stores being treated as part of the income of the year?—Yes, where these stores had been obtained only by incurring debt.

9832. If that be so, must you not object to the expenditure for the purchase of those stores being part of the current expense of a previous year?—Certainly; I object to a practice of the Indian Government for many years, whereby part of the charges for stores was reserved in a suspense memorandum, withheld from the statement of expenditure, and finally, it would seem, defrayed out of debt. I object to the practice, because

Mr. *J. Geddes.*

11 July 1871.

the annual accounts profess to exhibit every item of charge in full.

9833. How would you make out the accounts?—For example, between 1857 and 1865 the charge for the pencils and steel pens by which the Government was carried on ought to have been debited in full among the several years' proper expenditures.

9834. The only difference would be that a certain number of items would be taken out of the account on one side or the other, and exhibited in a separate account instead of all being put in one account?—No; if you have to borrow money in one year to enable you to go on, it is not a business-like way to carry part of the proceeds of that loan in a subsequent year to current expenditure; it would be more business like to face the fact that comes up in both the years, that the expenditure had not been equalled by the income.

9835. But after all is it not simply a question of having an intelligent knowledge of the nature of the accounts; if a person understands what the accounts are, cannot he carry on the Government of India with those accounts?—So long as he can raise the new funds by borrowing, and so long as the lenders are not induced by mistaken statements to lend on mistaken budgets.

9836. Then is your objection to these accounts this, that they induce people to lend to the Government on erroneous impressions?—That is my impression.

9837. You think that the public have lent their money to the Government of India at a lower rate of interest than they otherwise would have done in consequence of the way in which the accounts have been kept?—Yes. I can go on with the other items which I object to, the further sums aggregating that amount which I have mentioned, in each of the other years of alleged surplus.

9838. I do not think that you need pursue that; it would not affect the administration of the Government of India if those who administered the Government understood the accounts, would it?—I think it would, and that is why I wished to put it down as the reason for my answer.

9839. Do you suppose that those responsible for administering the Government of India do not understand the accounts?—No, I do not suppose anything of the kind.

9840. If they do, how can they be misled by them?—I imagine that they are misled by them when, understanding how a credit should be entered, they have failed to enter it properly.

9841. If they understand what the accounts mean, what they represent, can they be misled by them?—Yes, they are constantly misled by them; they allege a surplus in one year and a surplus in another year, which they ought not to allege.

9842. But that is only a form of statement of the accounts?—But it affects all their administration if they think that the country has paid its way; it affects every proposition to borrow money at that period and at every subsequent period; it affects their administration at every moment.

9843. Could any Government believe that it had paid its way out of its income if, as the result of the operations of the year, they had to borrow money to make good a deficit?—I think they could, from this very instance.

9844. Do you suppose that the Government did not understand the nature of the account, although the mode in which it may have been stated may be different from that which you think is the convenient mode?—Which Government; because the Government is perpetually varying?

9845. The Government in India; do you suppose that they did not know what the receipts were; whether the receipts were casual receipts or permanent annual receipts, and whether the payments were payments which would recur from year to year?—Many of them did so; and it is chiefly from remonstrances of theirs that I make the statement, remonstrances I mean, as to the impolicy of carrying those credits from one year to another.

9846. Does not that show that they perfectly knew the value of the accounts?—Yes.

9847. And, that being so, they were perfectly capable of taking a correct view of the financial position of India?—Yes, at the particular moment of their view.

9848. Therefore, their administration of India could not have been affected by the circumstance of the form of the accounts?—But the officials in India are in perpetual fluctuation; one policy may obtain in one year, and three years after another finance minister adopts a different policy.

9849. The question is, whether he has a consciousness of the financial position of India, whatever his policy may be, or whether he is unconscious of the financial position of India, having been misled by the accounts; according to your statement he perfectly understood the accounts?—Not the Finance minister; he did not understand the accounts.

9850. But somebody in the Government did?—Some of the members of the Council.

9851. Therefore, he was informed of the matter?—In many cases he was informed of the matter.

9852. Then it would seem to come back to this, which you stated just now, not that the administration of the Government of India had been affected by these figures, but that creditors outside who do not understand them, lend their money too cheaply to the Government?—I have already stated that the action of the Government has been affected by the view that they have taken, whether they have achieved a surplus or contracted a deficit, and I have also stated that the action of creditors outside was affected.

9853. Mr. *Cave.*] The rate at which money is lent is managed on the Stock Exchange, is it not?—Yes.

9854. And the Stock Exchange is not generally misled by a mere statement of accounts, is it?—I think that they often are; I think that the extraordinary disasters which every now and then overtake the Stock Exchange, do show that the opinion of the Stock Exchange often is erroneous.

9855. That is rather with regard to certain members of the Stock Exchange having a favourable opinion on speculative questions, is it not?—Yes; and I take every financial question to be a speculative question.

9856. But accounts already stated cease to be a speculative question, do they not?—No; the question as to whether a set of accounts has been properly stated or not is itself a speculative question, and a speculative question of no little difficulty and complexity.

9857. But

9857. But the Stock Exchange would be capable, though they might not be able to see into the future, of forming a sound opinion as to the mode in which accounts are stated, would they not?—No, I think that nothing has been so often deluded as the Stock Exchange by erroneous making up of accounts.

9858. Are you aware that the Commissioners who inquired into this famine in Orissa, reconcile that apparent discrepancy to which you have alluded, with regard to drought and floods, by showing that floods had caused considerable disaster in the first instance, and that they were followed, as is very often the case, by a severe drought; that the disaster of 1770 was produced by an excessive fall of rain which at first did very great damage to the crops, and then by excessive drought which finished the destruction?—Yes.

9859. Would not that therefore show that the apparent discrepancy would not throw so much discredit as you appear to think upon the history of the former famine?—Do you mean that if the former famine was caused partly by flood and partly by drought, the question of blame of the Government does not enter into the matter?

9860. No; what I wanted to ask was, whether that would not show that the discrepancy between the two accounts was rather apparent than real; that one person stated what came under his notice, which was the excessive deluge, and others that which came under their notice, namely, the drought, but that according to the commissioners both took place, and therefore there was no discrepancy in the account of the two narrators?—It is an important element in the fact as to whether 10,000,000 of people could have died, whether it was caused by drought or by flood, or whether there could have been any doubt as to which had caused it.

9861. But the commissioners express no doubt; they state that it was caused by flood and by drought, that flood and drought generally co-operated in the great destruction, those are their words; I want to ask, therefore, whether the discrepancy is not merely apparent, and whether it throws any discredit on the account of that famine?—I think, if you have any doubt upon the one vital question of the whole phenomenon, it throws discredit on the assumption that 10,000,000 of people died. If we know not whether the damage to the harvest was due to the parching of the whole of Bengal by drought, which seems almost incredible, or to the flooding of the whole of Bengal by inundation, which is absolutely incredible, we really know very little of the famine of 1770.

9862. There is very great detail, is there not, in the accounts given of the former famine, and we find that the price of rice is given at different times; 11 seers per rupee (which, of course, is almost a famine price), and the price rising to 3¼ and even 1¼ and 1 seer per rupee; those are details stated with reference to the famine of 1770?—Yes.

9863. And is it not the fact that those were almost exactly the same prices as ruled during the latter famine in Orissa?—Yes, I observe that the Famine Commissioners do reason in that way. I differ from the Famine Commissioners in their reasoning about that, and on the whole of this part of their reasoning as to the causes. The Famine Commissioners who inquired into Orissa, for example, ascribe the short supply of food in Orissa to the great demand in foreign countries; as if, forsooth, the people would have sold beyond what prudence would of their own free choice have suggested. On the same reasoning, any one deputed to inquire into the condition of the Israelites under Pharaoh might have said that their condition was due to a great demand for bricks and mortar; but that would not have been a sufficient explanation of the phenomenon.

9864. Does it not rather coincide with your own explanation of the reason of famines in the present day, the excessive export of the produce of the land?—Yes; but I say that it is not a spontaneous supply, corresponding to the other demand.

9865. No; but, if you get rid of the produce, it does not much matter for what reason you get rid of it; the famine comes all the same?—Assuming that the land revenue remained fixed at, say, one-seventh or one-fifth of the gross produce of the year, and that the yield of produce is seven times the seed, you must consider the necessity of parting with so large a proportion of the crop in order to meet the land revenue and other demands as part of that very problem of famine. The burden of explaining how there should be famine at all rests upon a foreign Government whose subject taxpayers die of starvation by the million.

9866. But you do not doubt these prices which are quoted by the Commissioners as regards the famine of 1770 and the famine of 1866, do you?—No, I do not; but there is very great difficulty in getting accurate prices, as the Famine Commissioners themselves point out. For example, you have constantly two series of prices; you have a price at which the village loanmonger is taking over from the indebted cultivators, and you have the different sets of prices in the rates at which the village loanmonger is selling to foreign exporters. No view of prices would give a complete view of any question of famine in India.

9867. During the height of this famine I imagine that there was no food bought except for immediate consumption in the place, and the prices during the famine were the prices given on the spot by the people who were the consumers?—Yes, you may take the prices to have been generally those on the spot; what I am saying is, that a mere comparison of the numerical ratios of prices will not tell you fully what the condition of a people is in India.

9868. Not in ordinary times, but at the time when the price was one seer per rupee, there is no doubt whatever, is there, that that was the price paid on the spot for purposes of consumption at a time of great famine?—Just so.

9869. And you do not doubt, therefore, that the prices that ruled in Orissa in 1770 were the same as those which ruled in 1866?—That the numbers quoted by the Commissioners are correct, I have no doubt.

9870. And that the population in Orissa in those days were poorer than they are in the present day?—No, there I should demur.

9871. What reason have you for thinking that they were better off in 1770, in contradiction to the opinion of the Commissioners?—I did not notice that the Commissioners had compared their condition in 1770 with that of 1866.

9872. You will observe that in paragraph 15 they say that on the whole the prices before the famine of 1770 may have been not far different from those in Orissa before the late famine?—I have already

Mr. J. Geddes.

11 July 1871.

stated that I do not think the Orissa people were poorer, and that a mere comparison of quotations of food prices will not settle the question.

9873. Have you any data on which you base those opinions?—The native traditions which are sufficiently abundant to indicate any such disasters as that of 1866, point to no disaster like that of 1866 as occurring in 1770. That is one of the things which guide me in thinking of 1770. I do not remember that any new castes had arisen out of famines in the last century, whereas the whole of society, and the whole of the system of caste in Orissa for many generations to come will bear a very marked impress indeed of the famine of 1866. In the absence of any such sociological register of greater poverty in the last century, I question the opinion expressed by the Commissioners.

9874. Then that is really speaking from what you knew of the people before the famine of 1866, compared with what you think would be their condition 100 years hence?—No, taking the condition which I, living among the people, knew them to be in immediately after 1866, and the condition of the people as I could gather it from very careful personal observation and inquiry, relating to the past.

9875. It is, therefore, as I say, that the effects of the former famine of 1770, you think, were not so great as the effects of the present famine will be 100 years hence?—I cannot say that, and I do not say that, because I do not know what the effects of the famine 100 years hence will be.

9876. That is what I wanted to bring you to. I thought you said that the effects of the famine 100 years ago upon the people were not so great as they will be 100 years hence, in consequence of this famine?—No; what I said was, that native society is not impressed with any mark of trouble in the last century, such as it wears and long will wear owing to the disasters of 1866.

9877. But that was 100 years ago?—If you wish to ask whether I should expect another famine of 1866 to be more severe 100 years hence, I say, that if the English dominion continues 100 years going on in the same way as heretofore, such a famine would be much more severe.

9878. I do not want to go into that. You stated, as I understand, that the effects of the famine of 1770 have not been so great upon the people as the effects of the famine of 1866 have been?—Yes.

9879. Then what I want to ask is this, how do you know that, because the first famine was 100 years ago?—I have told you that native society is no inaccurate register; it itself registers any such crisis as that of 1866, and would record any crisis of the kind which had taken place in the last century, and it does not record any such crisis.

9880. You mean that native society is such that you would be able to trace for 100 years the effects of such a famine as that of 1866?—Yes.

9881. And that you have not such traces with regard to the famine of 1770?—Precisely so; and amongst other tests we have an intermediate famine of 1837 which enables us to speak on the question, a very great famine, but very much less severe than the famine of the year 1866. The famine of 1837 was much more severe than the famine of 1783, which was the chief famine immediately before it, and the one most vividly impressed on the native mind.

9882. That is going into another agrument, that each famine is more severe than the one before it. I do not understand how you can prove from the state of Indian society that the famine of 1770 was not as severe as the famine of 1866. What standard do you take?—Such standards as I was able to obtain by inquiry among the natives.

9883. *Chairman.*] You say that you draw an inference from the present state of things as to what occurred 100 years ago. How can you draw that inference unless there are other instances of what is existing now and what occurred 100 years ago, so as to form a standard on which you could make the inference?—I took the intermediate famine of 1837, and quoted other famines.

9884. That is not 100 years ago?—About an hour ago I was explaining what I thought to be the situation in 1770. I gave all the reasons then for my statements. One leading feature in the later famines as compared with the earlier famines is the much greater distress as shown in the plough cattle. Nor is it only during a crisis of famine, after a short grain crop, that cattle suffer. At other times, and at all times, under our rule, the Indian cattle are degenerating in breed from stint of food. The larger area put under cultivation, the limited area of pasturage tells on the condition of the working stock of the peasants. Comparing the states, under purely native administration, and those under English administration, we find the peculiar phenomenon that the cattle there are always spoken of as so much superior to those in our country. For example, in Mysore, or Nagpore or Berar, the animals are notoriously spoken of as superior to the cattle in the other dominions, that is in the British dominions.

9885. Is not that due to special causes?—I say that it is owing to the increase of compulsory exports.

9886. Do not you think that the state of the cattle in those particular parts of India is due to particular conditions of climate and other circumstances, and not to the state of the Government?—"Other circumstances," including in them what I hold to be the most vital part of all, the weight of taxation.

9887. You do not think that it is due to the particulary large regions in which cattle can be reared, and in which no taxation is levied, because they are hill districts, which are not brought under assessment in the same way as cultivated districts are?—That does explain it partially. For example, in Assam the cattle are better off than in Bengal proper, because they have access to waste lands without any reference whatever to the taxation; that does explain part of it; it would explain it in the same way in Mysore and Berar also.

9888. Those hill districts are not liable to assessment in the same way that the low lands are?—That is so.

9889. And are you not aware that in the British territory, hill districts of the same character are not subject to the same sort of assessment as the low lands are?—Yes.

9890. And where there is the same sort of pasturage and the same means of rearing cattle the cattle generally are found in a very fine condition; is not that so?—Yes.

9891. Especially where the cattle are used for the purposes of transport largely; there the rearing of cattle is more largely carried on and more carefully attended to?—That is so.

9892. It does not seem then to result from a particular form of Government?—I may be wrong, but I think it does; I think that the phenomenon is much wider than you suppose. For example, we cannot supply the native cavalry with horses, and we cannot supply our commissariat wants with bullocks, so good as we obtained formerly. This phenomenon extends much beyond the region of the lower assessed hill tracts, and therefore demands quite another explanation than that suggested by your words. Cattle disease, about which I have already remarked, when once begun in the worse fed herds of one territory spreads by contagion to the better fed herds of other territories of India.

9893. Sir *D. Wedderburn.*] Is it not the case that Orissa is a particularly isolated country having no good harbours on the coast, and surrounded on the west side by a very mountainous and jungly district?—Yes.

9894. It is one of those districts where any local drought or deluge would cause the subsequent famine to be felt with very peculiar severity?—Yes; I do not think that that accounts entirely for the peculiar severity of the famine in Orissa, because the harbours are good enough to allow the people to deport their produce; the means of deportation are sufficient; the means of importation were amply proved to be very sufficient in 1867, the subsequent year of relief; it was not so much the difficulty of importation that caused the great loss of life, but the social difficulty much more of feeding a people living under the system of caste, and too poor to buy uncooked food.

9895. I believe that owing to the defective communications which still exist in most parts of India, what used to occur in old times still occurs, that one district may be suffering from famine while comparative plenty is reigning in a district at no great distance?—You have that often.

9896. Then you consider on that account that it is especially important in India, much more so than it would be in Europe, that each district should grow food for its own consumption, and should not depend for its food supply upon that which is imported when scarcity arises?—Yes.

9897. Not to depend upon food finding its way to the place when the demand arises, as it would undoubtedly do in Europe?—Yes; the hope of food coming in to supply a depleted food reserve is of little avail in India.

9898. Then you consider that although our Government has done much to improve communications, it has done more than compensating mischief by the stimulus of the growth of other staples, such as cotton and opium in place of grain?—Yes.

9899. And I gather from your evidence that you regard the British Government somewhat in the light of an absentee landlord on a gigantic scale?—Yes, not only an absentee landlord on a gigantic scale, but an absentee landlord who is under the cruel necessity of being unable to stop importing borrowed money into the country to make good the continuous drain from which the country suffers.

9900. Then you consider that there is a steady depletion of wealth from India to England, a large proportion of it coming here to pay the interest upon undertakings instituted under the auspices of the Government, and which have turned out unremunerative?—Yes; for example, that transaction of which Mr. Ayrton spoke last time on the Great Indian Peninsula Railway; all Works came down to the amount of 1,300,000*l.*; those had to be rebuilt, and, I imagine, new capital created on the great Indian Peninsula Railway. Thus the empire of India was at once subjected to a compulsory and gratuitous deportation of produce to the amount of 65,000*l.* a year, besides cost of transportation and other charges. Now, 65,000*l.* a year is about the land revenue of an ordinary zillah, or district. Therefore that one failure of works simply amounted to writing off to profit and loss the fee simple of the land revenue of one of the 220 districts of the empire. That is only a specimen of the waste going on.

9901. Mr. *Birley.*] Do I rightly understand that you are seriously of opinion that India is becoming poorer instead of richer under the present rule?—I am sorry to say I am.

9902. There is a large and an increasing accumulation of wealth, is there not, in India, in respect of bullion, in the hands of the natives?—No, I think not; I was giving, on the last time when I was examined, the amount of excess of imports over exports of bullion. For the last 67 years it amounts to 311,000,000*l.* sterling, being an average rate of 4¼ millions a year. Mr. Newmarch, the actuary, thinks that an annual import of four millions a year would be necessary to replace the inevitable wear and tear of bullion held in the very petty sums in which it is in India. I agree with him in a great part of that calculation, and I think that the annual importation of bullion is not much more than sufficient to replace the wear and tear, or at all events that it is not so much more than sufficient as the mere statement of an importation of 311,000,000*l.* would imply. When we hear of 311,000,000*l.*, we call it ten times the Reserve Fund of the Bank of England, and we are apt to assume the existence of corresponding wealth, other than bullion as connoted by the 311,000,000*l.*, but that is an erroneous way of looking at it. One of the things on which I made a very careful inquiry as likely to be an index to the question of increasing poverty or increasing wealth, was the question about the rate of interest, which I also left incomplete last day. I should like to state how far I had ascertained anything definite, and how very far I had utterly failed to ascertain anything precise. Natives, as a rule, maintain that the rate of interest has been on the increase. On my inquiring into their reasons, some of them have given me such a reason as this: the Government about 1855 abolished the usury laws, and empowered any money lender to charge what rate he chose. A great many natives would tell me on my inquiry of them, that in their opinion the rate of interest rose because the Mahajans had obtained full power over the rate of interest, a change which they thought a misfortune. Of course that reasoning would not follow. But natives assign facts, and when asked for reasons, they give insufficient reasons often, while at the same time the fact cannot be put aside. One of the leading and most important papers on the question of the rate of interest is a set of papers published by the Chief Commissioner of Oude, Mr. Davies, on the indebtedness of cultivators. He and all his subordinate officers inquired into the question very carefully. Of course there has not been time since the annexation of Oude to judge as to the effect of English dominion and native dominion with regard to the rate of interest; but Mr. Davies, the Chief Commissioner, was of opinion that

Mr. *J. Geddes.*

11 July 1871.

that probably the indebtedness of cultivators was not on the increase. Some of the settlement officers who reported to him certainly speak of indebtedness as on the increase. I remember that one of them, the officer of Bareilly, speaks of 70,000 householders out of 90,000 being indebted to the village loan monger. The amount of indebtedness of course would be a means of ascertaining the rise or fall of the rate of interest.

9903. Is there much pressure upon the cultivators from claims by bankers and money lenders; do they suffer much in that way?—A cultivator, as a rule, has no control whatever over his crop; it is entirely in the hands of the shroff and the zemindar as a rule.

9904. What is the process against the cultivators if they are not able to meet their engagements?—The process would be an instantaneous suit in court, which would come very severely, because if the householder is sold out of his house and home there is no other calamity beyond that so severe in native opinion.

9905. What was the law under native rule with regard to that matter?—The natives speak of the native rule as having more of the give and take disposition.'

9906. Less rigid?—Less rigid. Mr. Campbell, the present Lieutenant Governor of Bengal, describes in this Orissa Famine Report how much harder things are for the poor of late years than they had been in former times. That is one among the papers which I have put in.

9907. Is that in consequence of the hand of the foreigner, the British ruler, being more severe, or is it in consequence of the native money dealer?—In consequence of British rule being not willingly more severe, but in effect more severe. One of the things upon which I tried to ascertain the state of things as to increase or decrease of indebtedness or the rate of interest, was the question as to the progress in certain crops, as to whether the crops for export had been on the increase, as to whether the crops under the control of the mahajan were mostly the crops intended or destined for exportation; and on the whole I thought that they were, but the evidence is very incomplete. My opinions on many of these questions are in suspense.

9908. Do you consider that the increase of the crops intended for export, such as cotton, and opium, and indigo, interferes with the necessary production of food for the people?—Yes, certainly.

9909. In an alarming degree?—Yes.

9910. Mr. *Beach.*] It is generally an object of producers to obtain the best markets that they can for what they produce, is it not?—Yes.

9911. Would it not be a tendency in the native producers, whether taxation were levied or not, to export their produce, if they could obtain a better sale for it thereby?—Yes.

9912. Then in what way does obtaining the best market which they can for their produce impoverish them, or impoverish the country?—If the best market is limited, it does affect them; if the whole of the forces governing production and distribution of produce in India tend to a deportation to London, the so called best market is not a free market.

9913. But the deportation to London is simply because there is a better market there than there is on the spot, is it not?—Better, because there is no other. For example, you have these Commissioners saying here that one of the misfortunes of Orissa and Bengal is, that they have so little trade with countries like Java, tropical and sub-tropical countries, which could supply their wants in the vicissitudes of the seasons.

9914. But what is there to prevent them exporting their produce to Java?—The fact that the greater part of the produce which they can rear has to go elsewhere.

9915. Why?—It must go either to London or some other customer of London, in order to enable certain payments to be laid down in London.

9916. I do not understand why; if they can receive the amount of their produce, surely it would be best for their interest to obtain the greasest amount that they can?—Yes, and in doing so many of them starve.

9917. If they can obtain a larger amount in Java than they can in London, why should they starve in consequence of obtaining it?—They do not obtain a larger amount in Java; they have nothing to send to Java, nothing which would obtain a market in Java.

9918. I thought you stated that it would be better for their interest if they could export some of the produce to Java; Yes, if the condition of the trade in the East was so entirely spontaneous that Java, say, could minister to India and India to Java, as they certainly did long ago, before the advent of the English in India and of the Dutch in Java.

9919. If they have articles to send to Java, I do not understand what prevents their sending them at the present time?—They can only rear a given amount of produce, and over the ultimate destiny of it they have no control.

9920. If the inhabitants of Java wish to obtain a portion of the produce of India, what is to prevent their doing so at the present moment, and what is to prevent the inhabitants of India sending these articles to Java if they can get a good market for them?—The great object of the ryot in India is to get some kind of a settlement with the village loan-monger at the next harvest, and to be able to pay his rent some way or other to the landlord; to be able to get a little money, and to be sure to keep off the police at any time if necessary. He cannot think of what would find a market in Java, and the mahajan with whom he deals, the mortgagee who controls his industry, considers only what will be the best market available for him; he considers the market of London the best one; the ryot therefore is not a free agent to that extent.

9921. *Chairman.*] In what way is he not a free agent?—If a seventh of the gross produce of his land, say (taking the average amount of the land tax that is usually estimated in India), has to be parted with in order to maintain his ancestral holding, the cultivator is not a free agent altogether; you must consider the amount of compulsion as part of the set of phenomena to be considered.

9922. Do you suppose that there ever was a time when the ryot was a merchant to export his produce, or did he always sell it to some home dealer who took his produce at his own door?—I wish I could think that the indebtedness of the cultivator was not on the increase in India.

9923. What is your view on that point?—I fear it is on the increase.

9924. Is it your view, I mean, that at any time the cultivator was a merchant to export his produce abroad, or did he always deal with some one

at

at his own door who purchased his produce then as he purchases it now?—No: at all times you have a certain amount of compulsion everywhere, under every form of government; what I say is, that in considering the condition of the cultivator, either at a former or at the present time, you must take into account the compulsion applied as part of the very problem to be studied.

9925. Mr. *Beach.*] If the produce must necessarily be disposed of on the spot, it would be necessary to place an export duty on the produce of the soil, just as England did at the time of the Plantagenets on the export of wool?—That is the constant impulse of the ryots, and that is what the ryots always ask for. Whenever there is any scarcity, they ask two things always: "Stop the demand of the Government revenue; that will relieve us of the necessity of selling to the Mahajan." That is one thing they ask. On the other hand they say "Wipe off debts, or postpone them for a year or two."

9926. That would necessitate the hoarding of produce?—It is in order to enable produce to be hoarded over the season succeeding the short crop; and that I say is the attitude taken by the ryots in the prospect of drought.

9927. *Chairman.*] Did you not give a third idea, namely, that they wish that the export of produce should be stopped?—Yes, that is one of the things; the demand to give up the exportation is always one of the most prominent features of an inchoate famine. Sometimes you have the theories of political economy utterly confuted, and officers driven to their wits ends, actually set aside those theories and give the real explanation. The following I quote from an extract from a report of the Collector of Purneah, dated 30th October 1865, at page 62 of the Parliamentary Papers relating to the famine in Behar. He says, speaking of the autumn before the famine, "The export trade is as brisk as ever; this is a great cause of the present scarcity; one would expect that a failure of the crops would check exportation; that it has not had this effect in Purneah is, I think, due to the fact that the grain grower is always in debt to the grain merchant, and is bound to deliver so much rice after each harvest; he may be starving, but that is no affair of the grain merchant; he will have the rice, or the ryot is sued in the civil court and ruined. At the present moment there are merchants from other districts, Mirzapore and Arrah especially, buying up the grain of Raneegunge and elsewhere; as fast as the grain is brought in by the ryot it is sold to them and transferred to their boats; such a state of things is almost enough to tempt one to forget political economy for once and stop the export."

9928. Mr. *Beach*] You do not think yourself, in your mature judgment, that prohibiting the export of the produce of the soil and compelling the natives to hoard it, would produce any increase of wealth in the country, do you?—Yes, because you would partly stop the export if you ceased to apply the compulsion under which the exportation is necessary.

9929. *Chairman.*] Are you putting forward as a serious proposition that the Government should interfere to prevent a man selling his property; that the Government should regulate how he should enjoy his property?—No.

9930. You would have him perfectly free?—Yes, free as far as possible.

9931. What do you mean by "as far as possible"; do you mean that the Government should still find a possible limit for the enjoyment of his property, and impose restrictions upon him?—My theory is that part of the cost of administration of India should be borne out of English taxation. It would be a relief to the cultivators if they had not the Secretary of State drawing upon India.

9932. Take the particular proposition that the cultivator has produced his crop for the year; the Honourable Member has asked you whether he should be free to sell it to anybody he pleases, and send it where he pleases, and you seem to intimate that it would be desirable that he should not be allowed to do that?—What I ask for is more, not less freedom. I do not propose to put pressure on him.

9933. Would you interfere in any way with the cultivator doing what he pleases with his crop; would you have the Government interfere, either by a general law or by the particular action of its executive officers, with the free disposal of the crop by the cultivator?—I would have the Government interfere not through its officers or through a general law, but by reducing the cost of administration.

9934. I wanted to get quite clearly what you would put before the Committee on this point?—I have put it as clearly as I can, that relief would be given to the conditions of life in India by England defraying part of the cost of the Indian administration.

9935. Mr. *Beach.*] We are on the question of revenue at present, not on the question of administration. I understand you to object to many or nearly all of the sources of revenue. We are dealing at the present moment with the land revenue as applied to the question. It is the land revenue particularly which you state compels the native producer to sell his produce from time to time as it is produced?—The land tax and the other taxes together; the land tax, of course, mainly.

9936. The land tax would be the only tax out of pocket for the native ryot, would it not; if he buys salt, for instance, he would only pay for the amount consumed?—But he has to part with a portion of his rice or barley or of some other crop which has itself displaced a food grain crop in order to obtain the salt.

9937. The land revenue, you think, is higher than it ought to be, and it presses rather hardly upon the people?—Yes.

9938. And that was in the permanently settled districts?—No; I excepted them.

9939. But I think to nearly all the other taxes you took exception; I think the Excise, the Customs, the Salt, the Opium, the Stamps, and Justice?—I spoke of the stamp duty as being too high, and in doing so I remember I did not answer correctly a question put to me by Mr. Grant Duff. He asked me whether we ought to withdraw from the administration of India, and I thought that I had indicated that opinion in reference to some of Mr. Fawcett's questions. I see that I gave that answer with reference to the stamp duty. I wish to explain what was on my mind at the time on the stamp duty. I was thinking of an argument used by Mr. Maine at the time when the Bill for imposing a rupee stamp on criminal suits was brought into Council. He said that it was necessary to impose a rupee stamp, because there were so many false complaints put in, and he described the failure of

Mr. *J. Geddes.*

11 July 1871.

criminal administration in Bengal, which he said would be remedied by a rupee stamp. It seemed to me to be an abuse of intellectual strength on Mr. Maine's part to argue as he argued against Mr. Stewart and Mr. Minchin. He said, among other things "We had better close the courts altogether." It seemed to me that the answer to that argument was, "Well, if your officers are unable to deal with false complaints so much as that, you had better withdraw altogether; but you should not make the failure of your magistrates a reason for making the administration of justice dearer." I spoke of stamps, and I, thought, and I still do think, the stamp duties too high, not only in criminal prosecutions but in civil suits. About opium I have indicated my opinion. About the salt duty, I think that it is as high as it should be. From Customs I think there is no hope of increase; I have no objection to a Customs increase, but I think there is no great prospect of getting any great increase from the Customs revenue and the Excise revenue.

9940. Is it not with a view of inquiring whether they could be increased that I asked the question; but I thought you took exception to them; thinking that they pressed hardly upon the people?—No, the Customs certainly are among the last of the taxes which press; both Customs and the land tax are probably the very best forms of taxation for India. It is true that the merchants in Burmah often say that the Customs duty imposed upon rice bears very hard on Burmese produce, and on their statement it certainly does.

9941. Then you do not consider that it is absolutely necessary for the welfare of the people of India that these taxes should be sensibly reduced?—No, we cannot afford to lower the land tax and the Customs.

9942. I do not go into that question; but you do not think it is absolutely necessary for their welfare that the taxes should be greatly reduced?—No, I do not say that; I say that we should guard against greater taxation in the future.

9943. The question of expenditure is a large one; our expenditure you think is too large on many heads?—Yes.

9944. With regard to the English railways you said that the capital laid out, capital from borrowed money, tended to impoverish the country rather. Now as the capital is raised in England, and does not come from the pockets of the people there, or as nearly all is raised in England, it surely must be laid out in India for the benefit of the country?—About two-fifths of the railway capital raised is expended in England, and three-fifths I think of the railway money is expended in India. I should not draw the inference which you draw from the expenditure of the three-fifths of the railway capital. Not only I do not draw that inference but I know that it has not the effect which you suppose it to have in India; the capital is not invested with the natives at its own responsibility, neither do they get it absolutely; they are put under mortgage, under the necessity of repaying the principal; they are certainly at once put under the necessity of paying the interest whether the work is likely or not to pay ultimately.

9945. But when some millions of money are laid out there must be an enormous number of people employed?—Yes, there must be an enormous number of people employed, and then of course a good many people will get very rich. You cannot transfer large sums in that way without enriching a great many people; but I think that the other people than those immediately concerned lose more than the whole of them together gain. I think that if the railway ends in a dead loss, if you have a million and a half loss to pay in guaranteed interest every year, your railways are a failure in the view of the people best capable of judging. If by any tariff for goods or for passengers which the Railway Companies under the control of Government can impose upon goods and passengers, they are unable to raise the working expenses of the railway and the guaranteed interest, the railway must be held to be financially a failure according to the opinion of the railway's own customers, the very best judges; and the country is put, to the extent of the difference, to a dead loss. So far from saying that the railways enrich India to the extent of so much a year, I should simply say that they entail a dead loss on India to the extent of a million and a half, or 1,800,000 *l.*, or whatever may be the figures for the year. Nor does the evil end there; you disturb all the native industries by bringing the new capital brought in in this way suddenly into competition with the capital of the natives, and you disturb them in the arrangements which they would naturally make for enriching the country; that is another evil. A third evil is this: the sum which you require to send out of the country, a million and a half a year, if allowed to remain in the country would be employed among the natives at the rate of say 12 per cent., so that for a certain loss of 2 per cent., and an illusory expectation of getting 5 per cent., you put a million and a half of capital a year out of the power of improving at the ordinary native rate of 12 per cent. I put in some extracts from official minutes illustrative of what seems to me the hopelessly unremunerative nature of the Indian railways about which I spoke on Friday.

9946. What arrangements would the natives be likely to make for enriching the country?—The million and a half which they have to part with every year would be employed, certainly, in improving the country; native capital is very eagerly employed in improving it; the poverty of the country is not due so much to languor in applying the capital, as to the want of the capital; whatever capital there is in the country is applied eagerly towards useful work.

9947. I should like just to ascertain what kind of useful work it would be likely to be applied to?—The great thing is to cultivate more land; and it would be applied to cultivating more land; land is the chief object to which native capital is most willingly devoted.

9948. And you think that the amount that they spend in travelling by railways would be employed in cultivating the land?—No, I do not think that the amount employed in travelling on the railways would be spent in cultivation. What I say is this: the amount of loss incurred by the whole of the natives on the railway account, not the railway fares, but the difference of a million and a half of guaranteed interest; that amount would be put to more useful and more fruitful reproduction by the natives themselves.

9949. Then the railways ought to confer great benefit on them by reason of their produce being

easily

easily carried by railway?—It has often been put that salt, for example, would be brought cheaper to them, that the salt tax would in effect be lowered by the lower freight upon the railway. That is very much like first requiring the people of London to take their water only from Dartmoor, and to pay an enormous duty on the monopolised water, and last of all making them pay the deficient dividends of the Great Western Railway, to make up the loss to the Great Western Railway shareholders, and calling that a compensation to the Londoners, or a cheapening of their water duty.

9950. Mr. *M'Clure.*] I think you said that the four and a half millions of bullion a year was required to make up the waste on the circulation?—The entire amount of absorption would be equal to an average of four and three-quarter millions sterling a year; but I said that Mr. Newmarch, a very competent actuary, estimating the hoards in India, and necessary for India at any time, at something like 400,000,000*l.*, thinks that 1*l.* per cent. would be necessary to replace merely the wear and tear; so that according to the opinion of a very competent actuary, you would have four millions alone representing not a new accumulation at all, but a mere replacement of loss by wear and tear.

9951. *Chairman.*] Is it your opinion that there is no more silver now in India than there was 65 years ago?—I am quite blank on that subject. Some people say there is, some say there is not; I have no definite opinion.

9952. Mr. *M'Clure.*] Could you suggest any plan for encouraging the commercial intercourse with Java and other places that you referred to, without interfering with the freedom of trade?—I am unable to suggest any practicable course.

9953. There is at present no advantage given, is there, to exports to English countries over exports to others?—I think there is; I think that if this country makes a tariff mainly for the benefit of English commerce, and the loss upon that tariff is charged to India, your cannot say that the question is an open one as between the two countries.

9954. But there is no export duty chargeable in favour of one country over another?—No, there is no overt preferential rate of duty at the custom house in either country; I think possibly the people who are rearing sugar in India would have something to say; they do say that the sugar trade has been injured in India by the high rates of duty imposed at the English harbours; they say that the sugar reared in India and imported into England is more heavily taxed in England than Manchester goods exported from England and imported into India.

9955. *Chairman.*] Would the English or the Indians be the gainers or the losers by that transaction, do you think?—The sugar people would be the losers by that process, whether European or native; in India they are both European and native.

9956. Supposing that the tax on the sugar imported from India be the same as the tax on the sugar imported from all other countries, would they be the losers by it?—They say that they ought to have more than that; that their particular condition, and the great hardship of the sugar industry in India should be particularly considered, and that they should, in fact, have a preferential rate of duty in England.

9957. Mr. *M'Clure.*] Have they imported sugar from Mauritius and other places into India?—They have imported sugar from the Mauritius into India. It is one of the saddest features of the Indian trade, that the manufacture of sugar should have so changed its seat, and that India should ever have had to import sugar from the Mauritius, while it formerly exported it to all the world.

9958. *Chairman.*] But when you speak of the import and export of sugar, are you not speaking of the export from Bengal and the import into the western coast?—Yes, mainly.

9959. Are you aware whether sugar can be produced on the western part of India as cheaply as it can be imported from any of the eastern countries through Bengal?—As a rule, I think it should; because there is no great life in the import trade of sugar from the Mauritius to Bombay. I do not think it a rising trade, and I imagine that on the whole whatever sugar is to be consumed in India is reared as favourably in India as it can be imported.

9960. But is not that question of whether the sugar is to be imported from Bengal into the western part of India, or imported from Siam, or from the Mauritius or China, if you please, merely a question as to whether it shall be imported from one place or another in consequence of its being very expensive to produce sugar in the western part of India?—That the decay in the sugar business is to be accounted for in some way or other, I do think.

9961. Is it not to be accounted for by the superior intelligence and knowledge of the subject now, and the people finding that they cannot make sugar in the western part of India so cheaply as they can get it from other places?—No; I think you must go further into the question than that to know why that should be. I think that part of the reason is, that sugar is a very elaborate crop; the ryot has to give a great deal of pains to it; I do not think he can do that very much while he is indebted. I think that the sugar crop is, more than the other crops, a crop of the unindebted ryot. If, as I fear, the indebtedness of cultivators is on the increase, the number of ryots cultivating sugar would be on the decrease.

9962. Do you know whether it arises from the fact that the growth of sugar in India is the growth of an irrigated crop requiring a large course of irrigation, and that therefore the produce of such a crop as that is dearer than it would be in other places where it is produced under more favourable natural conditions?—Yes; but that does not explain why, having been obtainable formerly on comparatively favourable terms, it should cease to be so; why Bombay should be at a greater disadvantage in rearing sugar in later than in former years.

9963. Do you know whether it is at a greater disadvantage, or whether it has greater advantages from the facilities and improvement of commerce that have taken place in recent times in India?—I count it to be the greater disadvantage of India.

9964. You do not think that commerce in the East has been stimulated by the use of British vessels and other facilities for the great intercourse which India has with surrounding foreign countries?—I think that the statement that a large amount of sugar has been reared for consumption in Europe is certainly true.

Mr. *J. Geddes.*

11 July 1871.

9965. But do you think that commerce has or has not been stimulated between the ports of India and the countries east of the Cape of Good Hope within the last 30 or 40 years by British enterprise producing a superior class of ships, and affording greater facilities for communication?—Yes; and if those only were the causes I should think it a matter of congratulation; but I do not think it a matter of congratulation that the labourers should leave the place where the cane was historically first grown, and should be deported under the Government arrangement to seek food in the Mauritius, and to rear a crop there which they might have reared at home.

9966. You think that if the land in the Mauritius will produce naturally, without irrigation, twice as much sugar per acre as the land in the western part of India will produce with the cost of irrigation, the people of India should not have the benefit of that circumstance, and, if they please, send their other agricultural produce to the Mauritius in exchange for this cheap sugar?—I think they should be able to please themselves in that way.

9967. And do they not please themselves?—I do not think that they please themselves. I do not think that it is under spontaneous action that they go to the Mauritius.

9968. Mr. *R. Fowler.*] You stated that former Governments of India had done more for the natives than the British Government has done; now have you any accurate information to found that opinion upon?—Yes, I have. Take the things which are usually said to have been done by the English Government, public works; if you look at them, you will find them of very little importance. The public works are the main argument on which the English are said to have benefited India.

9969. Sir *C. Wingfield.*] Surely the English Government have built a hundred bridges to where the native governments built one?—I daresay they have; but if they have taken the cost of it out of the natives, and the bridges do not pay; if the bridges have come down by the run sometimes, and the natives have had to defray the cost, I do not see that the natives are benefited. When I say that, I mean that they are not commensurately benefited. If you will turn to any statement of the expenditure by Government on account of Public Works in British India, for example, to the statement in the last number of the Statistical Abstract of British India (Parliamentary Blue Book 1870) Account, No. 49, which I put in (*vide* Appendix), you will find that the mere establishment takes up a very great proportion of the expenditure on Public Works. How does it necessarily benefit the natives to pay large sums to executive engineers (Englishmen) unless the executive engineers turn out works better and more extensive than they do.

9970. I should think that the proportion paid to executive engineers was a mere trifle to that paid to native workmen; is not that so?—The charge for establishment in that very last year figures at 1,012,451 *l.*, and the total charge for Public Works is about 5,700,000 *l.* I think that a large per-centage for establishment, the charges for establishment being mainly European salaries. When I speak of establishment charges I take the figures from the Calcutta Financial Statement.

9971. Mr. *R. Fowler.*] Do not you consider that the great lines of India are a great benefit to the people?—I have stated often that I do not think that the railways are a great benefit to the people; I think them a dead loss to the people. Returning to the examination of Public Works as set down in the Statistical Abstract, if you look at the statement of the total expenditure of 5,790,826 *l.*, you will see that a large proportion of it is for repairs; the statement here for repairs is 1,162,035 *l.* against original works 4,628,791 *l.* And if you examine what these original works were, you will find that they were little other than barracks and gaols; so that a great proportion of the expenditure on public works is simply to keep going the mere machinery for Government, not adding to the wealth of the country.

9972. You spoke of the amount of indebtedness as regards the people of Oude; now does not money find its level, between Oude and Calcutta for instance, among the natives?—No, they are too far separated; money does not find its level in that way soon; you do not have the great money brokers of Calcutta transferring their sums to the little village loanmongers of Oude. It would not flow with the rapidity with which money would flow from Berlin to London, or in anything like the same ratio.

9973. Sir *C. Wingfield.*] Why do you suppose that there is a greater indebtedness among the tenantry in Oude than in any other part of India?—I do not say that.

9974. Mr. *R. Fowler.*] Is it your opinion that owing to the production of opium and indigo, India does not produce the amount of food required for the natives?—Yes; otherwise I do not see why they should starve.

9975. But would it not be your opinion that India could produce ample food for its population besides growing the amount of opium and indigo which it now produces?—Not under the present system.

9976. But with proper management do you think it would?—I do not think so, assuming the taxation of India to go on as before. In reference to that subject I should say that the population of India is, on the whole, a stationary one; that although celibacy among adults is very exceptional, the population is believed to be stationary. The recent census returns and the comparison of the settlement reports of the present time with those of a generation ago indicate a population stationary like that of France, rather than progressive like that of America. The question is a moot one, but the bulk of the official evidence points to the population being a stationary one.

9977. Mr. *Lyttelton.*] I gather from your evidence that in your opinion the failure of our Indian Administration is almost entirely due to the fact, that India is governed by a foreign and distant power?—Partly owing to that, but chiefly owing to the difficulty with which a Western Power taking over the duties of an Eastern Government can work through native institutions, especially the religious institutions.

9978. But that difficulty is one inherent in our Government, I am afraid?—Yes.

9979. Do you conclude from that, that our administration cannot be advantageous to the people of India unless the expense of it is in a great measure defrayed by the people of England?—Unless it is to some extent defrayed by the people of England, certainly.

9980. And you think that no economy on the one hand, and no improved system of taxation on the

the other, would strike at the root of the evils that you have been speaking of, that they would only, in fact, palliate them?—They would only palliate, and not remove the evils.

9981. Then you think that unless much of the cost of the Indian Government is defrayed by the British taxpayer our only other alternative is, that we should throw up our task, and leave the country?—Yes, only I demur to the throwing up of the task; I think that we have no business to undertake a task, and throw it up at our own pleasure, leaving the country in anarchy.

9982. What would you do to prevent that; have you ever considered the difficulties of terminating our connection with India?—I have considered them often and long. On the one hand there would be a very obvious difficulty in getting money in a country like England, already highly taxed, to carry on a Government so distant and inevitably so expensive; it would be impossible, for instance, to do so without, to some extent, injuring the English working classes, of whom I spoke; but it is a question of degree very much with regard to them and with regard to the richer classes in England. The question is rendered still more difficult, because the very idea of withdrawing from India itself weakens our power so very greatly. The attitude of the political officer always must be, and according to official record is, that we can allow no equal with ourselves in India. The difficulty is in fact everywhere very great, but something might be done Wherever there is a Mysore, wherever it is possible to reconstruct a native government, to do so, and eagerly to hold on to every native institution, especially every political institution, we ought to avoid the foolish commercial missions such as have occurred in recent years to other countries, and we ought on every account to avoid embroiling ourselves in frontier disturbances. Of course all that is very difficult. It is very difficult to intimate that we are preparing to withdraw, and at the same time to continue to hold the prestige which we have hitherto been expected to wield.

9983. In regard to the enormous British interests in India, are you of opinion that unless such a programme as you have sketched out is followed, the charges of them should be borne by the British taxpayer, or that they should be charged upon the native governments that we should set up?—As many of them as we can get the native governments to take over, and as we can ask them fairly to take over, should be made over to them certainly. Part of them no doubt would have to be met by ourselves and adjusted by ourselves. The mode in which we should withdraw would of course very much govern the extent to which we could apportion the liabilities. A violent withdrawal means a cancelment, so far as India is concerned, of all the mortgages that we have against her; a peaceable withdrawal means otherwise, and that is one of the advantages, as well as the duties of a peaceful withdrawal; a peaceful withdrawal of course prolonged over a long sequence of time.

9984. Mr. *Eastwick.*] I should like to ask you a few questions as to facts. You have stated here "My impression is that famines have been on the increase under British rule;" now, I want to know what facts you know to justify that statement. In the first place, what famines do you know that have taken place under our rule; and in the second place what famines that have taken place under the native rule?—I know nothing more than I know from personal inquiry among the people of Orissa, and some of the districts of Bengal, and from a careful study of the entire literature available on the subject.

9985. That is to say, you have read all the Mahommedan histories?—No, I have merely read the ordinary histories, Elphinstone and all the others.

9986. Will you state what famines you know which have taken place under our rule, mentioning the years?—One mode of reasoning on which I proceeded is simply by examining the statements made by our official apologists, that famines are less frequent under our rule.

9987. I ask what famines which have taken place under our rule are you acquainted with, and what are the dates?—There is, first, the famine of 1770.

9988. Why would you call the famine of 1770 a famine that took place under our rule, seeing that we had only just at that very moment acceded to something like the government of the country?—It is a famine that took place partially under our rule. The famine of 1770 took place two years before the accession to "the Dewanee."

9989. You do not ascribe it to our rule, do you?—I do partially ascribe it to our rule, though I do not think that it was so serious as our historians make out. I say that we had something to do with it, as we were taking a large amount of money out of the country. Burke's Report of the Ninth Committee, from which I quote in this Memorandum, and all the accounts that we have of Bengal in the time of Warren Hastings tell us how very important an influence the English Government had at and before the Dewanee on the social condition of the natives.

9990. You must be aware that you stand almost single in the idea that that famine could possibly be owing to our rule, seeing that we had only just acceded to the administration of that part of the country?—I have already stated that, among the many antecedents that lead to famine, the influence of the British Government is one. I call it the most important antecedent, because it is an antecedent which is variable by human will.

9991. Will you state the other famines?—1783; that was mostly a North-West famine, but it was also a Bengal famine. Then the famine of 1837, which was very severe in the North-West, and had some severity in Orissa; then the famine of 1860 and 1861; and then the famine of 1866; and the later famines; the scarcity, almost famine you may call it, of 1868; then the very severe famine of 1869, throughout Northern India.

9992. In 1869 it amounted to a famine, did it?—Certainly, and with very great mortality. The necessity of dealing with that famine was one of the things which very greatly aggravated the deficits of the two years 1868 and 1869. When you speak about my being singular in my opinion, I quite admit that I am singular, that I am peculiar in my opinion. I think it right to tell the Committee so, and not to seem to be putting an opinion which is peculiar to myself as if it were held generally by officials.

9993. You have stated four famines. Will you allow me to ask you in return if you have ever read the history of the Mahrattas by Grant Duff?—No, it is very difficult to get a copy.

Mr. *J. Geddes.*

11 July 1871.

9994. In page 59 in that book I find, "In 1396 the dreadful famine, distinguished from all others by the name Duga Dewi, commenced in Maharashtra. It lasted, according to Hindoo legends, for 12 years. At the end of that time the periodical rains returned, but the hill districts were entirely depopulated, and a very scanty revenue was obtained from the territory between the Godavery and Kistna for upwards of 30 years afterwards"?—I have heard of that; that is amply quoted from in Mr. Girdlestone's memorandum on past famines in India, and other recent official memoirs.

9995. You admit its extreme severity?—Yes; but as to a famine in the sense of famine, such as wasted Orissa in 1866, I maintain that no society, whether Maharatta or any other, could have survived 12 years of such disaster. It is necessary to observe the very wide range of significations attaching to the word famine; for as the Orissa Commission has pointed out (Appendix H.) the word is sometimes used to denote mere scarcity and dearness, involving only hardship with considerable, inconsiderable, or no mortality; sometimes to denote the direst want with overwhelming mortality. This famine of Maharashtra must have been famine in the former sense.

9996. Have you heard of the famine in 1471?—Yes.

9997. Have you heard of the great famine in 1631, in the reign of Shah Jehan?—Yes.

9998. Have you heard of another great famine in 1661, which you will find stated at page 342 of the Report before you?—Yes; I believe that in this Report all that is known about the famines, or the substance of all that is known about them, is stated.

9999. Then there is the famine of 1770 (which in my opinion was entirely a famine under native rule, and not under English), in which case there would be then five very great and destructive famines, called historical famines, which raged over a great part of India before our rule began?—Yes, that is so. I demur however to being supposed to hold the opinion that we were not in any way chargeable with the famine of 1770, when among the records of that time you find the famine alleged to have been aggravated by the Company's officers forestalling and aggregating grain.

10000. That was aggravating, not occasioning, the famine. Now, with regard to the extent of that famine, you demur to the statement of Dr. Hunter as to the number of persons who died, namely, 10,000,000?—Yes.

10001. And the reasons that you have stated were of this nature, that you did not believe that it was consistent with the character of Warren Hastings to tax people who were suffering so severely?—To tax so severely people who were suffering so severely.

10002. Are there any other reasons which you can state?—Yes, among others, I would mention such as this: Dr. Hunter describes, in his graphic way, how the people died. He says, "Millions of famished wretches died in the struggle to live through the few intervening weeks that separated them from the harvest, their last gaze being probably fixed on the densely covered fields that would ripen too late for them." That seems to me a strange mode of reasoning; surely people would not have sown the normal quantity; surely people would not have sown the great quantity such as would have ended in the cheapness which Dr. Hunter describes, had their stock been so very short; they would have certainly eaten a part of the seed grain, and have trusted to the chapter of accidents for the following months, had they found themselves really in danger of being anything like a third of their numbers.

10003. However, it is distinctly stated, is it not, that, in spite of the great distress, they did add 10 per cent. to the revenue?—Yes.

10,004. Now, you have stated your belief in the fact that famines are more common under our rule than they were under native rule; I wish to know why you think so; why should it be so?—Natives ordinarily say so; they tell you that famine is one of the things which came in with our rule.

10005. That, of course, is a mere superstitious opinion, but I want to ask your reasons?—Many of the reasons which are given on the other side by our official apologists are superstitious opinions; I have here Mr. Girdlestone's memorandum on famines; I think his reasoning as superstitious as that which you have attributed to the natives.

10006. I wish to know what reason you can give why there should be more distress under our rule than under native rule?—I accept the native opinion as a thing to be considered, and I decline to set it aside as a superstitious opinion any more than I do Mr. Girdlestone's opinion, merely because it happens to be superstitious.

10007. You simply base your opinion on the opinion of natives?—On the opinion of natives tested by the opinion of Europeans.

10008. You have no reasons to give of your own; have you said anything about the state of the communications?—Yes; that is one of the features that I wish to speak about. The expectation has always been that improved communications would decrease the chance of famine. Have we found it so? Colonel Baird Smith said that the distress by famine in the North-West Provinces would be very greatly alleviated, partly by the permanent settlement and partly by improved communications. The permanent settlement has not been completed; but the communications have been improved, yet famine has not disappeared.

10009. Had communications been improved in Orissa when the famine of 1866 took place?—Orissa was an outlying province certainly, but it had harbours and was able to dispose of its produce. Then touching the North-West and the effect of railways, the native opinion is that the railways have rather drawn from the reserves of food.

10010. Will you let me apply that reasoning to a neighbouring country, Persia; there are no railways in Persia and communications are difficult, and we know as a positive fact that the destruction caused there by famine is very great?—I thought at once of that on hearing of the famine in Persia, and I watched carefully for the accounts to see whether it was not time for me to revise my opinion, whether I had not drawn erroneous conclusions from the facts. I have not seen reason to do so. There would be famine in Persia under native rule, just as there were famines in India before our rule.

10011. But there you have the case of a country with bad communications, with a light taxation, and with a revenue collected in kind, and yet you have dreadful mortality, equal to our mortality. Would you say that our communications increase the mortality?—I am not aware that

that the mortality in Persia is equal, to our mortality in India. I have watched for the statistics, but have never been able to find any, or any reliable account which would take the place of statistics, and which demonstrate a mortality in Persia anything like to the mortality of an ordinary Indian famine.

10012. As we are speaking of statistics I would ask how you can support that observation that you made with regard to the population of India remaining stationary? Are you speaking of the whole of India, or are you speaking of some particular points?—The statement is mostly based on the statistics of the north-west. I have thought over the question myself, in Orissa, and I speak from information tabulated more carefully in the north-west.

10013. But do you speak at all now of that part of India as compared with the Madras and the Bombay Presidencies?—No. I can only speak of them with what light the knowledge of native institutions in Bengal and Orissa will throw on Madras and Bombay. But I was very much surprised on first hearing the statement mooted that the population was, on the whole, stationary, and I demurred to it for awhile.

10014. But you have no positive facts, have you; there has been no census taken from time to time for a century, which could prove that?—No, there has been no census like our own decennial census for completeness; there have been census returns of much value, especially in recent years, for example, those of Oude reviewed by Mr. Williams, more of the north west, reviewed by Mr. Plowdene, also those of the central provinces, and the partial enumerations in Lower Bengal.

10015. What are the dates of these census returns?—I cannot quote the particular figures; I merely state the general purport.

10016. But I should like to have had the exact date of these census returns?—I think they were a generation ago, at the time of Bird's settlement in the north-west, and tested by the general census of 1865.

10017. But that would only refer to the North West Provinces?—Yes.

10018. Then, after all, you can only justify your assertion by very partial reference to the North West Provinces, which, after all, are but a very small part of this immense country?—I put the statement forward as subject to correction.

10019. Sir *C. Wingfield.*] There was no enumeration of the population at Mr. Bird's settlement?—The officials who revised the later census speak of the earlier census, the enumeration at the time of the settlement.

10020. There was no regular enumeration of population?—There was a statement of the village produce and of the village cattle, and so on.

10021. Mr. *Eastwick.*] To pass from that point, I do not remember exactly what you said about the loss of bullion yearly. Did you say that there was 4½ millions of bullion lost yearly by attrition?—That is Mr. Newmarch's estimate, by abrasion, by every form of misadventure, people dying, and traces of their hiding holes being lost.

10022. I would ask, if that is the case, how it it that in Persia, for instance, where the whole circulation is not, perhaps, above 10 millions, in the course of some 30 or 40 years, the coin does not disappear altogether, if that per-centage is lost every year; but, of course, it is a mere estimate?—It is a mere estimate. Mr. Newmarch possibly estimates the per-centage for the wear and tear too high; but still, with all allowance made, the accumulation of silver in India is nothing like what it is generally made out to be.

10023. I would like to ask you one question with regard to the great spiritual influence which you suppose the heads of caste have in India. I think you said that they could put a stop to the growing of opium, and to the usage of intoxicating drugs in liquors?—On that Question 9714, I wish to state that I did not hear the last part of Mr. Ayrton's question, and therefore my answer, "Yes," would not apply to the latter part of the question.

10024. It is the fact, is it not, that even the religious men amongst the Mahomedans are in the habit of taking bhang and other intoxicating drugs?—No; not religious men, certainly not.

10025. That is contrary to my experience. At all events, if not the religious men, it is the fact that the highest men in the country do take these drugs; that you are aware of, I suppose?—Many do, certainly.

10026. And that they did do it before we came into the country?—Some did; not so many as now.

10027. You seem to think that, if a person commits an offence, and is put out of caste, he cannot regain his position by money?—Certainly not merely by money; he must conciliate the brotherhood.

10028. He must give a dinner, in fact?—He must give a dinner; he must make a submission according to the religious institution.

10029. But you are aware, are you not, that it is the fact that the most immoral offences are condoned by caste dinners; is not that the fact; the caste meets, and a dinner is given, and the offender is received back?—Yes, after due compliance.

10030. Mr. *Grant Duff.*] You have told us that you wish for as speedy a liquidation as possible of our Indian concerns, and you gave us a brief sketch of the policy which you would recommend for that purpose?—I indicated it generally; it was merely in answer to a particular question as to all the difficulties in the way.

10031. But, when all is said and done, have you no more advice to give us than that when we happen to have a case like Mysore, we should act precisely as we did in the case of Mysore; that we should discourage the visits of Government officers to dangerous countries, as Lord Lawrence did in the case of Johnston's visit to Khotan, or the survey which it was proposed to push into the Shan States; and, further, that we should respect native political institutions, and be forbearing and indisposed to aggression on our frontiers, as a very great number of our officers are now. Have you anything more to say in the way of advice?—No.

10032. If we only do what you have suggested, should we take less than a thousand years to liquidate our Indian concerns do you think?—I included on the former occasion defraying part of the taxation out of English revenue.

10033. By that do you mean to say that there should be every year voted in the estimates a sum out of the English taxes for a subsidy to India?—Yes.

10034. Would that be fair to the English working

Mr. *J. Geddes.*

11 July 1871.

working class of which you spoke the other day?—It would be partly hard upon them; I do not think that it would be so hard on them as the present system is; I think that it would only be done under an impulse of a duty such as of itself, would get over many of the difficulties with the working classes. I think also that the taxation required in England should fall mainly on the rich classes in this country, so as to be retrenched from luxuries, and not on the working classes to make life harder for them. This would be the more reasonable, because it is the richer classes who have acquired and held India for their own benefit.

10035. But then you told us the other day that the working classes in this country would presently object to capitalists sending capital to India, even if they thought it a good place to send it to?—Yes, I think that is a serious difficulty in looking on to the future, I fear that we may have to deal with a Delescluze in London, as well as with nawabs in India.

10036. But still you think that they would not object to an appropriation of the money of the British taxpayer to subsidise India?—I think that with a proper appeal to them they could be got to agree to it.

10037. Could you refer us to any writings either in the present generation or in the past of persons who take your gloomy view, or anything like your gloomy view, of our prospects in India?—I think that Mr. Campbell, the present Lieutenant Governor of Bengal, whom I shall serve after a few months, takes a view quite as gloomy, or nearly as gloomy, as I do of Indian finance; there is an article in the "Quarterly Review" generally attributed to him, in the last January number, to which I refer.

10038. You think that the views in that article are quite as gloomy with reference to India as yours?—Yes, nearly.

10039. Mr. *Lyttelton.*] Does he regard the increase of the income tax as trustworthy and advisable?—No, I think he trusts more to local taxation as supplying the want.

10040. Mr. *Grant Duff.*] Supposing that we determine not to accept your advice, but to retain India as long as we can, have you any suggestion whatever to give us either for the increase of our revenue or for the diminution of our expenditure?—I have nothing further to suggest beyond what you call my advice, but which were really special answers to special questions.

10041. You have nothing to suggest beyond a subsidy out of the taxes of England?—No.

10042. Sir *C. Wingfield.*] You said that you dissented from the theory on which irrigation works are constructed, that they save the land revenue in time of famine, because, if the land revenue requires to be saved, it is too high. Now, famines in India usually proceed from want of rain and consequent absence of production; if the land revenue were reduced to a quarter of its present amount, still, if nothing were produced from the soil, the effects of famine on the population would not be mitigated, would they?—I think they would; less food would be depleted at the harvest than according to the present demand, because, immediately on the harvest, as soon as the crops are ripened, that process of sale for exportation aggravates the difficulty; all the produce of the market is thrown on the market at once, to enable the cultivators to meet their autumnal instalment of land tax.

10043. But the food reserve would not be affected by the circumstance of the revenue demand being higher or lower; you assume that there must be reserves in the country?—That there ought to be reserves, in order to meet the vicissitudes of the seasons.

10044. But then the Government demand cannot have much effect upon the condition of the people when once a famine takes place; a famine could not be prevented by reducing the Government demand?—I think a famine is a process; it is not an event. I think that a famine could be alleviated by the action of Government, and I know that suspending the land revenue is one of the chief resources of the Government to mitigate the famine.

10045. It is a resource adopted not merely to mitigate a famine, but because from a poor peasantry you cannot get the revenue; you speak of one of the conservative customs of the natives being to provide stores of food against a bad year; now, was not one main cause of much grain being stored up in old times the impossibility of selling it owing to the want of roads to carry it to a market?—No doubt that did act. Some now may sell partly under compulsion; many, of course, sell voluntarily.

10046. Have you heard that shortly after the annexation of the Punjaub there was great alarm that the settlement would break down owing to the excessively low prices of grain consequent on abundant harvests?—Yes, I remember that; and I remember a Minute of Lord Dalhousie's, in which he spoke of England getting wheat from the Punjaub at possibly 20*s.* the sack. That expectation has received ample and miserable confutation in the chronic dearness of food throughout the Punjaub, culminating occasionally in the direst famine.

10047. Is it not the case, that though a province may no longer keep reserves for itself, it can draw them from the neighbouring provinces, so that still in the aggregate there would be the same amount of reserve of grain in all India?—No; I think that if the amount exported varies under variable policies of Government, the food reserves would likewise alter.

10048. But is it not the case that in the more recent famines the grain poured in quantities into the famine stricken districts, owing to the improved communications?—Yes.

10049. You have read Colonel Baird Smith's Report, and you will recall, perhaps, that he describes the difference between the famines in the North West Provinces in 1837 and 1861; he says, that in 1837 food could not be obtained at any price, owing to the difficulty of sending grain to the afflicted districts from the want of communications, whereas in 1861 when communications had greatly improved, the grain poured in from all quarters, and all that was wanted was money to buy it; money was deficient from the stoppage of agricultural wages during the two bad seasons, when the land could not be ploughed; therefore, if communications serve to take grain out of the country, they also serve to bring it in?—Yes, they do; but I think Colonel Baird Smith insists very strongly that the famine of 1860-61, was more severe than the famine of 1837, to which you have alluded.

10050. But he certainly alludes to this, that in 1861 there was grain, and that the only want was

was money; whereas in the former famine, money could do nothing, because the grain was not to be had?—Well, I do not see how the people would have sold away their crop of 1859, or 1860, or the year of the drought if they had had so very much money; some may have had money, and others not.

10051. But when you say that people now are obliged to sell their grain to pay their land revenue, in all periods the land revenue could only be paid by disposing of the surplus produce?—Yes; but that same surplus produce would form a very different provision according as the land tax was payable in kind, and as it was payable in money, according as the surplus produce represented the residuum of crop left after paying a land tax, varying in amount with the varying yield of the harvest, and according to the surplus produce represented, the residuum left after paying a land tax of fixed money-value not varying with varying yield of the harvest.

10052. If it was paid in kind then the Government who collected it in kind must sell it, must they not?—But, under native rule, the grain so parted with remained still in the neighbourhood, and the people who obtained it in the neighbourhood passed it into local consumption under the use and wont, the customary ideas of the neighbourhood.

10053. *Chairman.*] Would any more remain in the neighbourhood than the people in the neighbourhood wished to consume; would not the rest be exported beyond the neighbourhood. Supposing the Government took the revenue in kind, would they keep any more in the neighbourhood than the people wished to consume; would they not sell the surplus?—The services performed by officials resident in the neighbourhood would be paid for by grain available for consumption in the neighbourhood.

10054. But would they not have to sell the grain that they did not want for the purpose of buying all the other necessaries of life?—They would part with grain for that purpose, and in doing so would feed the neighbours who under our system would starve.

10055. But would not the operation be, that as they want a great many things more than corn, they would sell all the corn except that which, if they chose, they might keep for their own mouths; must that have been the operation?—Yes, it would be the operation.

10056. Now the operation is, that instead of the officers of the Government taking the grain and selling it, the man who raises the grain sells it wherever he thinks fit, and pays out of it a less sum in money than he paid in kind before; is not that the present operation?—No, I think it makes a great difference whether the payment and consumption take place wholly on the spot or partly at a distance.

10057. You see that the man sells his grain now to somebody else instead of giving it over to the Government, and inasmuch as the Government takes less now than was taken formerly, he, as the agent for sale for the Government, sells less than he sold before, that is to say, as far as the Government demand is concerned, he sells less than would have been sold before; is not that so?—Under our system, no.

10058. Let us examine that; we have had abundance of evidence here that the Native Governments took half the crop in kind, and we now find that the Government is taking what is estimated to be one-sixth of the value of the crop in coin?—I have never found it stated that Native Governments took one-half of the crop. An assessment so very severe cannot be attributed in that absolute fashion to the Native Governments.

10059. Without going into the absolute fractions, it has been clearly shown that the quantity which former Native Governments took in kind, bore a greater proportion to the whole crop than that which is now taken in money bears to the whole money value; do you admit that rate to be correct?—No.

10060. Then you differ from all the views which have been expressed to us on official records as to the comparative demand which is now made, and that which was made by the Native Governments before we assumed the Government?—I do not think you will find that to be the statement on all the official records; for example, if you take the most accessible one, Mr. Campbell's Essay on Land Tenure in the Cobden Club Volume, I do not think you will find that he says that the natives took half the produce.

10061. That is not an official document?—It is a document by an official.

10062. Everything that you write in a pamphlet, you do not call an official document, do you?—No. If you look strictly at the native official documents from which Mr. Campbell has compiled, you certainly will not find that a half of the produce was taken. If you refer to Mewn or to the Ayeen Akbari, you will find that it is a very small proportion.

10063. We have been endeavouring with you to confine your evidence to the state of things immediately before the British Government assumed its rule in India, and before it was changed by British rule; do you doubt the evidence given, that at that time the demands on the cultivator bore a greater proportion to the whole produce than they do now, the produce then being taken in kind, and now being valued in money?—I disagree with that statement, and I tell you that in verifying that, I go to the official records of Native Governments which preceded us.

10064. But is it correct to speak of the Ayeen Akbari, and treaties of that sort, as being official documents?—Those contain the principles on which the Government was carried on immediately before us, just in the same way as the principles of English rule in England are those of Coke upon Lyttleton, and Blackstone.

10065. We are endeavouring to direct your attention to the practice, not to the principles; the Institutes of Munu would give no information as to what was going on before the British Government was established; we want to direct your attention to what was going on then; do you doubt the correctness of the evidence given on that point?—I am not aware that the evidence is in the direction which you state.

Friday, 14*th July* 1871.

MEMBERS PRESENT:

Mr. Ayrton.	Mr. Eastwick.
Sir Thomas Bazley.	Sir James Elphinstone.
Mr. Birley.	Mr. Fawcett.
Mr. Candlish.	Mr. M'Clure.
Mr. Crawford.	Sir Stafford Northcote.
Mr. Beckett Denison.	Sir David Wedderburn.
Mr. Grant Duff.	Sir Charles Wingfield.

THE RIGHT HONOURABLE ACTON SMEE AYRTON, IN THE CHAIR.

Mr. WILLIAM THOMAS THORNTON, re-called; and further Examined.

Mr. *W. T. Thornton.* 14 July

10066. *Chairman.*] I THINK you have stated that you hold the office of Secretary in the Public Works Department of the Secretary of State for India in Council?—Yes.

10067. Will you be good enough to explain upon whose advice generally the Secretary of State for India in Council proceeds in making arrangements for the construction of railways or other public works by joint-stock companies?—That is a very difficult question to answer. I think I can only answer it generally by saying that he acts upon any advice which he either invites or which has been tendered to him.

10068. Advice which may be deemed suitable to the occasion?—Yes.

10069. And does he, when he considers it necessary, refer to the Government of India for their opinion, or to the local government before acting in the matter?—I should think that in almost any case he would refer to the Government of India; of course if he does not do so, he refrains from doing so on his own responsibility.

10070. Can you state in the particular case of the Malta and Alexandria cable, upon what advice, and under what circumstances, the Secretary of State acted in his first transactions with reference to the Malta and Alexandria line of telegraph?—In order to make it clear, I will begin a little before that; I find that in April 1859 Lord Stanley, being then Secretary of State, proposed to the Treasury to lay down a cable between Rangoon and Singapoor, at the joint expense of the English and Indian Governments. The division of expense was to be on the principle of one-half to each, if Singapoor remained under the control of the Indian Government; but in the event of Singapoor being transferred to the Colonial Department, as it was then in contemplation to do, and as has since been done, the share of England was to be two-thirds, and that of India only one-third. This letter was written by the India Office in April 1859; the Treasury did not reply till November; I should mention that in May, that is to say, a month after Lord Stanley's letter was written, the Treasury had come to the conclusion to lay a cable between Falmouth and Gibraltar at their own expense, and they had this cable ready in November, but they then began to doubt whether it would be very wise to lay it between Falmouth and Gibraltar, and, therefore, in November the Treasury, in replying to the India Office letter of April previous, says that it is willing to join with the India Office in laying down a cable between Rangoon and Singapore, provided that the India Office is willing to take for that purpose the cable which the British Government would have laid down between Falmouth and Gibraltar. There might have been some little correspondence in the interval; but in April 1860, Sir Charles Wood, then being Secretary, agreed to this on condition that India's share of the expense shall only be two-fifths. Then arrangements were made for laying down this cable between Rangoon and Singapore; but, after a while, this cable having been partly shipped, was found to be heated. I do not suppose the Committee want to know in what way it became heated; it is all given in detail here; but the fact is that it did become heated, and it was then determined that it would not be safe to send it out to Rangoon, and that the expense of keeping it in England, considering that part of a season at least would be lost, would be very great, and on that account the India Office, Sir Charles Wood being still Secretary of State, proposes that this cable which had originally been made for the purpose of being laid down between Falmouth and Gibraltar, and which was now to be transferred to Rangoon, instead of being laid down there, should be laid down somewhere else, somewhere nearer home; and then the Treasury, in reply, propose that it should be laid down between Malta and Alexandria. Sir Charles Wood wrote, in reply to the Treasury, on the 20th September, stating, as follows, the conditions under which he was prepared to agree to the Treasury proposal. "In regard, however, to the mode of adjusting the expense, Sir Charles Wood considers it necessary to advert to the correspondence that has already taken place between Her

Her Majesty's Government and the Indian authorities on the subject of the principle which should be observed in apportioning between the Indian and the Imperial treasuries the cost of establishing telegraphic communication between Malta and India. He begs to draw the attention of the Lords of the Treasury to the accompanying extract from a letter from the late Court of Directors to the Board of Control, in which this principle, that had before been recognised, is maintained. The Secretary of State in Council is prepared to follow the course thus indicated, and to bear one half of the expense of the cable now to be laid between Malta and Alexandria, upon condition that the cost of the Persian Gulf line is also equally divided; or, if considered preferable, the Government of India will undertake the construction of the whole of the Persian Gulf line at its own cost, provided the British Government will pay the expenses attending the manufacture and laying of the present cable in the Mediterranean." The Treasury replied to that on the 28th of December, and, in reply to their letter, Sir Charles Wood "entirely concurs with the Lord of the Treasury as to the expediency, under existing circumstances, of transferring to the Malta and Alexandria line the cable which was originally destined to connect Falmouth with Gibraltar, and afterwards Rangoon with Singapore. He also agrees with them in regarding the proposal of Messrs. Glass and Elliott, submitted in their letter of the 20th ultimo, as one that may be accepted, provided the Board of Trade are satisfied that a greater depth than 100 fathoms will not occur in the proposed route from Malta to Alexandria." Then he goes on to say, "It was not, I am directed to add, Sir Charles Wood's intention by the remarks contained in my letter, to suggest a suspension of any of the arrangements which their Lordships had desired to be made for affecting the transfer in question; but, after referring to former correspondence on the subject, he considers it desirable, in order to avoid future misunderstanding, to advert to the principle upon which it was understood the apportionment of the expense of telegraphic communication between Malta and India should be made. This question can, however, as their Lordships desire, remain for consideration; all further payments by this office on account of the cost of the present line being suspended until it is settled." I have omitted to read the important letter from the Treasury, in which they concur in that arrangement. If the Committee will allow me, I had better refer to it, because it is very important. It is a letter of the 28th of December, in reply to the proposal of the India Office: "Sir, I have laid before the Lords Commissioners of Her Majesty's Treasury your letter of the 20th instant, and its inclosure, relative to the appropriation of the Rangoon and Singapore cable for telegraphic communication between Malta and Alexandria, and I am desired by my Lords to state, for the information of the Secretary of State for India in Council, that my Lords presume that the question of division of cost will remain for after discussion, but that their Lordships have received no intimation that Her Majesty's Government had intended or proposed any change in the distribution of the cost, and that they have no more, therefore, to do on the present occasion than to inquire whether the President of the Board of Trade may be authorised to understand that he has the consent of the Secretary of State in Council for his proceeding to consider of new arrangements, or whether Sir Charles Wood may be desirous that the matter should be suspended, at whatever hazard or damage to the cable, until the whole subject with respect to the cost shall have been re-considered; a subject which may be found to open a somewhat wide field." I regret that I had put these letters in the wrong order, but the real substance of them is this, that when the Indian Office agreed that the cable should be transferred from the Rangoon and Singapore Line to the Malta and Alexandria Line, they did it on the understanding that the question of division of cost should remain for after consideration, to which the Treasury agreed. Then comes, on the 11th of February 1861, this letter from the Treasury: "I am commanded by the Lords Commissioners of Her Majesty's Treasury to request that you will again bring to the notice of Sir C. Wood, the letter from this Board, dated 14th December last, and the accompanying statement, which showed that 58,311 *l.* 14 *s.* 10 *d.* was then due from Indian revenues on account of the payments made by the Paymaster General for the Rangoon and Singapore Telegraph. I am to state, that several payments of considerable amount have since been made for the same service, two-fifths of which are recoverable from Indian revenues; and that as the money provided by Parliament under this head was a net sum, amounting to three-fifths only of the total disbursements anticipated, there remains at the present time no balance of the grant from which any further payments for the same object can be made. The Secretary of State for India will therefore see that it is imperative upon this Board to press for an immediate transfer from Indian funds to the amount of the claim made in December last, in order to enable them to meet the liabilities incurred towards the contractors." To which the India Office makes the following reply: "I am desired by the Secretary of State for India in Council to acknowledge the receipt of your letter, dated the 11th instant; and in reply, to request that you will remind the Lords Commissioners of Her Majesty's Treasury that when it was arranged that the Rangoon and Singapore cable should be transferred to the line between Malta and Alexandria, the question as to the principle upon which the cost of the work should be apportioned between Her Majesty's and the Indian Governments was left for consideration, upon the understanding that 'all further payments by this office on account' thereof should be 'suspended until it' (the question) 'is settled.' I am accordingly desired to state, that before ordering the payment of the sum of 58,311 *l.* 14 *s.* 10 *d.* now asked for, Sir Charles Wood requests to be informed whether their Lordships will agree to the arrangements adverted to in Mr. Merivale's letter of the 20th December last, viz., that the cost of the cable now under notice, and of that which may be made for the Persian Gulf, be equally shared by the revenues of this country and of India, or that the whole cost of the Mediterranean portion should be borne by the one, and the whole cost of the Persian Gulf line by the other." To that the Treasury reply on the 25th of February: "I am desired by the Lords Commissioners of Her Majesty's Treasury to request, with reference to your letter of the 16th instant, that you will state to the Secretary of

Mr. *W. T. Thornton.*

14 July 1871.

Mr. *W. T. Thornton.*

14 July 1871.

of State for India in Council, that my Lords feel it impossible to acquiesce in the proposal for postponing all further demands on the India Office for their proportion of the expenses attending the construction of the telegraph cable between Malta and Alexandria. These demands are in accordance with the agreement concluded between my Lords and the India Office, when the adoption of the Rangoon and Singapoor line was settled, and my Lords must remind the Secretary of State that the alteration in regard to the destination of the cable intended for this line, was made with the full concurrence of the India Office, it being obviously as much for the interest of the one department as of the other. It was not a mere project of the Government for the establishment of a Mediterranean line, but was proposed as the only means of averting a very heavy loss, which would have affected the two departments in common. It entailed no expense on the Indian Revenues, which had not been foreseen (and, it is to be presumed, provided for). It involved no change in the terms of the contract, so far as pecuniary liabilities are concerned, the payments under which must have been continued under any circumstances, whatever might have been the fate of the cable. In the estimate voted last year, a deduction was made on account of that portion of the cost, which under the before-mentioned agreement, was to be made chargeable on Indian Revenues; the whole of that vote has been exhausted, and a further sum of 28,000 *l.* has been borrowed from the vote for civil contingencies, in full reliance on the good faith of the Indian Department in meeting its engagements. It will be necessary, shortly, to make further payments, which cannot possibly be deferred without a forfeiture of the contract, and a consequent increase of expense. With regard to the question of the Persian Gulf line, my Lords must protest against its being in any way mixed up with the question now before them, or being admitted as a plea for deferring their unquestionable claims for the repayments demanded. My Lords trust that the Secretary of State for India in Council will, on consideration, see the justice of this claim, and will take immediate steps for at once meeting it, as much inconvenience has already been felt in consequence of the delay, and it will be impossible otherwise to provide for the further expenditure accruing under the contract." To which the Secretary of State, Sir Charles Wood, makes the following reply on the 28th of February 1861: "Without concurring in all the remarks contained in your letter, Sir Charles Wood will not offer any further objection to the payment to the Treasury of the sum of 58,311*l.* 14*s.* 10*d.*, on account of the proportion to be borne by the Indian Government of the expenses attending the construction of the telegraph cable between Malta and Alexandria."

10071. What took place after that?—Then, that being done, the cable was laid between Malta and Alexandria, and leased to Glass and Elliot, I think, on the 4th of June 1861; Glass and Elliot's Company subsequently becoming the Telegraph Construction and Maintenance Company, and so it went on until January 1871, when the Treasury, without consulting the India Office, sold the cable to the Anglo-Mediterranean Telegraph Company.

10072. Sir *C. Wingfield.*] The Anglo-Mediterranean Telegraph Company had previously rented it of the Government, had it not; it worked that cable as early as 1869?—First of all, the cable was leased to Glass and Elliot, which company became the Telegraph Construction and Maintenance Company; I do not remember in what way the Anglo-Mediterranean Telegraph Company took the place of that company; very likely it did; however the essential thing is, that on the 20th of January last the Treasury sold the cable to the Anglo-Mediterranean Telegraph Company, and the India Office while of opinion that it ought to have been consulted at an earlier stage of the negotiation, acceded to the arrangement.

10073. What was it sold for?—I have got that stated here, but I want to show what the pecuniary result of the whole thing was to the India Office; the total receipts by the Indian Exchequer on account of the cable amount to 61,000 *l.*; the payments amounted to 176,947 *l.*; the total loss amounts to 115,946 *l.*; that is not including the interest, of course.

10074. Mr. *Candlish.*] Ten years' interest?—Yes, it would be about 10 years' interest.

10075. *Chairman.*] It would seem, as the result of the whole of the correspondence which you have stated, that the business was transacted upon the responsibility of the Treasury, and the India Office accepting the representations made by the Treasury, from time to time, formed its judgment as to what should be done with regard to the finances of India?—I think it might be represented in this way, that the India Office acceded to a proposal of the Treasury on certain conditions, or rather on the understanding that the pecuniary division should be reserved for after consideration, but that when the Treasury insisted upon payment without any principle whatsoever being defined, the India Office agreed.

10076. I mean that the expediency of the different steps was considered in the first instance and represented to the India Office?—Well, the India Office began the thing. The India Office began by proposing to the Treasury that the cable should be laid between Singapore and Rangoon at their joint expense, and then moreover when the India Office had agreed that the cable belonging to the Treasury should be employed for that particular purpose, it was the India Office which took the initiative of proposing to the Treasury, that inasmuch as that cable was heated, and could not be laid between Singapore and Rangoon, it should be laid somewhere nearer home.

10077. Upon what advice, professional or technical, did the India Office act in the first part of the operation in proposing to lay down the telegraph between Rangoon and Singapore?—I do not think that any technical advice would be required there; the question to be considered there would be whether it was advisable to have telegraphic communication between one part of the British dominions and another; and on political grounds Lord Stanley decided that it was, but that British interests were involved quite as much as Indian, and therefore he would only agree on the understanding of a joint division.

10078. But who was responsible for the consideration of the terms of the contract and its execution?—But you observe that no contract was formed for that particular purpose. As I said before, the Treasury did not reply to this letter

letter until they found that they had upon their hands a cable which they did not know what to do with; then they agreed with the India Office to join with them in the expense of laying down a cable between Rangoon and Singapore, provided that the India Office would agree to take the cable which they had on their hands; of course, Sir Charles Wood did not agree to this without having the cable examined by professional men.

10079. It was then examined, on behalf of the India Office, by professional men before it was accepted?—Yes.

10080. Sir *C. Wingfield.*] I do not quite recall the year in which it was determined upon to lay this cable between Malta and Alexandria?—On the 19th of December 1860, the Treasury suggested that it should be laid down between Malta and Alexandria.

10081. At that time had the Red Sea cable been laid to India?—I do not recollect.

10082. I wanted to ask whether this line was in connection with that cable?—Looking at these papers at random, I find, on the 28th of May 1859, a telegram from Mr. Newall, saying "Cable laid so far most successfully;" so that that answers your question.

10083. *Chairman.*] The contract for laying it was made, probably, in Lord Derby's administration in 1858, when Lord Stanley was Secretary of State?—Yes; I do not know what connection there might have been between the two schemes as far as the Treasury was concerned; I do not think that the India Office was concerned; the India Office, up to this time, had protested against having anything to do with the telegraphs running on this side of Suez.

10084. Sir *C. Wingfield.*] Apart from the expense, I want to know whether this scheme between Malta and Alexandria was in connection with the Red Sea cable, or altogether apart from it. And, taking the dates, I should say that a cable had been not only projected but had been laid before the proposal to lay a cable between Alexandria and Malta was adopted; is not that so?—My impression is, that when this arrangement was made for laying down the cable between Malta and Alexandria, not only had the Red Sea cable been laid, but the Red Sea cable had been proved to be worthless. I am almost positive that the Malta and Alexandria cable never worked in connection with the Red Sea cable; no one solitary message was ever sent by the Red Sea cable.

10085. *Chairman.*] You mean that, at the time this was laid down, the Red Sea cable had been laid down and tested, and failed?—I think so.

10086. Sir *C. Wingfield.*] So that, at that time, there was no prospect of continuing the communication by telegraph from Alexandria to India?—I should infer so.

10087. And, at this time, when it was decided to lay this cable between Malta and Alexandria, was there any telegraphic communication with Malta; had the Mediterranean Extension cable been laid then?—I really do not know. These are really not questions with which India is connected, and I positively do not know.

10088. But they have a bearing on the nature of this scheme; because, if it was simply to connect Malta and Alexandria, and there stop, with no further connection with India, and no further connection with London, the advantages would be partial indeed?—I take it for granted that there must have been a connection between India and Europe, either in existence or in contemplation.

10089. Then, I gathered from the letter which you have just read, addressed by the Government of India to the Lords of the Treasury, that they threw out a suggestion that they should pay the whole of the cost of the Malta and Alexandria line, and that the Imperial Government should pay the whole of the cost of the Persian Gulf line; that one Government should pay the cost of one cable, and the other Government pay the cost of the other; and I think, as that letter put it, it was Her Majesty's Government which was to pay the cost of the Persian Gulf line?—No; it was the other way. There were two propositions: either that the Home Government should lay the whole of the cable between Malta and Alexandria, and the Indian Government the whole line in the Persian Gulf, or that the two Governments should divide the whole expense of both.

10090. At that time then it was evident that it was considered that the Home Government should bear some part of the cost of telegraphic communication with India?—Yes.

10091. But the result has been that the whole cost of the line through the Persian Gulf and of the Turkish lines has been borne by the Indian Government?—If you keep out of sight the expense of this telegraph between Malta and Alexandria, it is so; that is the only part which the British Government has contributed since the Red Sea cable failed.

10092. Mr. *Fawcett.*] You have represented the whole loss on these transactions resulting to the finances of India at 115,000*l.*?—Yes.

10093. But considering that the original amount expended was 170,000*l.*, and that India usually borrows money at 5 per cent., and that that money was expended by India also, the more proper and correct estimate of the whole loss would be 195,000*l.*, reckoning interest, would it not?—I have nothing to say against that, except that if you calculate it on that principle the expense will go on increasing for ever.

10094. But, as I understand you, the transaction here is closed. The Government buy a certain concern, and hold it for 10 years; they pay a certain sum for it, they receive a certain income from it, and at the end of 10 years they sell it, and rid themselves of the whole concern?—Just so.

10095. Therefore, to represent the true financial position of the matter, you ought properly to estimate the loss of interest on the capital expended between the first purchase and the time of sale, ought you not?—I have nothing to object to that, except that it is what no private individual ever does. When he invests money in a speculation that fails, he considers that the money is gone; he does not at the end of 10 years say, "In addition to having lost this money I have lost the interest which would have accrued on it." I do not think that we ought to apply a different principle to the operations of the Government from that which we should apply to private individuals.

10096. But do not you think that if any private individuals borrowed 100,000*l.*, at 5 per cent., to invest it, and if they had to pay interest all the time on the money which they borrowed, and this money in the investment in which it was

Mr. *W. T. Thornton.*

14 July 1871.

placed yielded nothing, they really ought to put the interest down as added to represent the loss which ultimately accrues?—Everything depends upon the way in which you like to make the calculation. I may show you whether I take your view or not, by stating it in my own way. Supposing that a man borrows 20,000 *l.*, at 5 per cent., for the purpose of investing it in a speculation, which speculation fails, and the whole 20,000 *l.* are lost, and at the end of 10 years he calculates how much he has lost, he says, "I have borrowed 20,000 *l.*, and have been paying interest at 5 per cent. on that amount for 10 years; together, interest and principal come to so much; that is the extent of my loss." But, then, I do not mean to say that he would not be perfectly justified in saying, that if he really has to pay 5 per cent. on the money which he has borrowed, and he has no means of repaying it, if he does not contrive to pay this money off for the next 20 years, he will have to pay 5 per cent. during those 20 years, and all this will be added to the loss of his original investment; you can put it so if you like.

10097. Still, I want simply to represent clearly and distinctly the loss which this unfortunate bargain has caused to the Indian people; they have actually paid interest on the money expended; it is an annual charge; therefore, you ought properly to include it, and say that the amount of money taken from the revenues of India owing to this unfortunate telegraphic speculation has been 195,000 *l.*?—And inasmuch as it is impossible to prove that the money which was borrowed for the purpose of being invested in this speculation has been repaid, it is quite possible that the Indian public may still be paying interest on the money which was borrowed; therefore, whereas the loss two years ago was so much, it is now so much more; and, therefore, until the time shall have arrived when they will have paid off all their debts, you may, if you think proper, say that they never will have paid back the money which they invested in buying this particular cable.

10098. But in judging of the effects of it as a financial speculation, so far as the Indian people are concerned, it makes a difference, does it not, whether you enter into a speculation with a surplus revenue, or from borrowed money on which you are obliged to pay an interest charge?—It seems to me that the effect to the wealth of the nation is precisely the same; if they had not borrowed money, but had had 100,000 *l.* to spare, if this 100,000 *l.* had been properly invested it would have been going on yielding 5 per cent., which would have been an addition to their wealth; all that has been lost. It comes to precisely the same thing, it appears to me, whether money wasted is borrowed money or not borrowed.

10099. I judge from the general conclusions to be deduced from the tenor of the correspondence which you have read to us, and from the tenor of your remarks, that with regard to this telegraphic speculation, India was unfairly treated by the British Government; is that the conclusion which you draw?—One does not like to express such an opinion of an arrangement between two such august bodies, but if it had been individuals that were concerned, I should certainly say that there was sharp practice on the part of one of them.

10100. If, for instance, for the British Government you substitute individual A, and for the Indian Government individual B, you say that in this financial transaction individual A has pursued uncommonly sharp practice towards individual B?—Yes; and in addition to that I say that it is impossible to suppose that any individual B would submit to such treatment.

10101. Then considering that individual B is represented by an able and accomplished politician, why did not individual B protest; India is represented by the Secretary of State, and the Secretary of State, I presume, is the Member of the British Government to protect the interests of India; why did he not protest?—That is really a question which no one but the Secretary of State can answer.

10102. Do you know whether the Secretary of State did protest?—Officially he did not; you have heard the tone of lofty indignation, in which the India Office was addressed by the Treasury, and the meek and submissive reply made by them to the Treasury.

10103. But I suppose that if it struck you that sharp practice was being pursued by the British Government towards the Indian Government, a similar impression must have been produced on the mind of the Secretary of State for India?—Always supposing that his mind was similarly constituted to my own.

10104. Are we to understand that it is customary, however much sharp practice is pursued by the British Government towards the Indian people, and however much their finances suffer in consequence of that sharp practice, that the Secretary of State should not officially protest?—My answer to that question is just this, that as to what constitutes sharp practice, opinions, of course, differ; but I take it for granted that any conscientious Secretary of State who considered that sharp practice was being adopted would protest against it.

10105. Then I suppose what it practically comes to, is this, is it not, that if the Secretary of State does protest in a case like that supposed, he would have to protest before the Cabinet?—I simply cannot answer; I know nothing of the secrets of the Cabinet.

10106. What I want to get at is this; what security have the people of India, and what guarantee have they, that their interests are properly protected?—I should say that they have just about the same security as all men whose interests are in the keeping of other people.

10107. *Chairman.*] Have they not the guarantee prescribed by Parliament, that the members of the council, if they think that anything of that kind is being done, are expected to record their opinions on the subject?—I should say so; but it must always be recollected that the members of the council may form their own opinion as to whether sharp practice is being pursued.

10108. But if they are of opinion that injustice is being done by any act of the Secretary of State to the people of India, is it not their duty, according to the constitution, to record their views on the subject?—Certainly.

10109. Mr. *Fawcett.*] But as you say the Treasury adopted a tone of official hauteur towards the Secretary of State, would it not be likely to assume a tone of even greater official hauteur towards any protest of less important officials, namely, the Indian Council?—The protest can only be made by the Secretary of State himself.

10110. Therefore

10110. Therefore the only direct protest that can be made is from the Secretary of State, and that correspondence which you have read shows with what indifference such a protest is treated by the Treasury, does it not?—In this particular instance it does so.

10111. But should you not, from your experience, say that this particular instance was a sample of the general practice?—I do not think that my experience is sufficiently large to enable me to give an answer to so general a question.

10112. This, of course, will be a most serious question, and we shall have to account for this to the Indian people; I want that, as far as possible, you should give us an explanation which will prove satisfactory to the Indian people, that in all financial relations between the British and the Indian Governments their interests are fairly looked after?—If I am to judge from this individual instance, and giving, it must always be remembered, my own individual opinion, I should say that their interests are not properly looked after.

10113. Then assuming that they are not properly looked after, have you any suggestion by which the hand of the Secretary of State could be strengthened so as to prevent sharp practice being pursued towards the Indian people by the British Government should similar cases occur?—Again I take it for granted, that if the Secretary of State for the time had considered this to be sharp practice he would have protested; but I presume that as he did not protest, he did not consider it so; another Secretary of State might have considered it so.

10114. Having expressed an opinion in your last evidence that there is little chance of India being fairly treated when the interests of England come into conflict with those of India, have you any practical means to suggest which would give greater protection to the interests of India when they come into opposition with the interests of England?—I think myself that sufficient power is vested in the Secretary of State for India by the constitution for that purpose, if he thinks proper. I cannot say (how should I know?) whether it would be proper for him to resist the pressure of the rest of the Cabinet; but I do say that he could if he liked, that is, he might resolve not to remain in the Cabinet rather than yield. Now, to take the particular case of the Malta and Alexandria cable (I only give my own opinion), I think that in that case India was not properly treated; but I also say that if the Secretary of State had thought proper not to yield to the demand of the Treasury, the Treasury could not have forced him.

10115. Do you know whether, when the Indian Government is about to enter into a financial speculation like this that involves a considerable outlay, they take the opinion of practical engineers?—In this case it certainly was done; I have the proofs before me here. Practical electricians were employed to examine the cable and see that it was fit for its purpose, and so on.

10116. Is it the custom to take the opinion of a practical engineer as to the value of the thing; was any estimate made by practical men as to the amount of money that India ought to pay for in this particular case?—In this case, if you observe, the one thing that the India Office agreed to do was to bear an indefinite proportion of the expense of laying down a cable which was already made.

10117. But then do I rightly understand you that they entered into that arrangement after the outlay had been incurred?—The cable had been made at the expense of the British Government; the British Government had had this cable made for the purpose of laying it down between Falmouth and Gibraltar, and then having that cable on their hands, and not being disposed to lay it in the situation originally proposed for it, they offered to the India Office to join with them in the expense of laying a cable between Rangoon and Singapore, always supposing that the India Office would consent to take this particular cable.

10118. Who was employed by the Indian Government to protect their interests, to see that too much money was not paid for the telegraph, that it was not bought at too high a price, and that too much money was not spent in laying it down; were there practical men employed?—There were; with regard to the first point there was no question of buying the cable, it was already the property of the British Government; but with regard to the expense of laying it down practical men were employed. The Committee would not, I presume, wish to have the names of the men, but the full particulars are given in the correspondence; in fact, it was in consequence of the report of one of these professional men, to the effect that the cable could not be safely laid between Rangoon and Singapore in consequence of its being heated, that the India Office proposed that instead of being sent to Rangoon it should be laid down nearer home.

10119. Mr. *Candlish.*] Some expense would be incurred upon this cable in the proposal to lay it from Falmouth to Gibraltar, would there not?—That was quite an affair of the Treasury, with which we had nothing to do at all.

10120. The Indian Government was not charged with that expense?—No, we had nothing to do with laying the cable between Falmouth and Gibraltar.

10121. I mean that with reference to this particular cable which at that time was prepared to be laid down between Falmouth and Gibraltar, costs would be incurred upon that proposal in addition to the mere cost of the cable?—No doubt.

10122. Was the Indian Government charged with them?—Well, I should think not; I do not know; of course I could easily ascertain, but I never thought of looking into that point.

10123. If such expenses had been incurred and charged to the Indian Government, would you have regarded that as a just charge?—No, I should have regarded it as simply outrageous.

10124. Expense would also be incurred, would it not, on the steps that were taken to prepare it for Rangoon?—Yes.

10125. Were those expenses ultimately charged to the Indian Government?—Those would very probably be charged, that is to say, a portion of them.

10126. If this cable would have done between Malta and Alexandria, why would it not have done between Rangoon and Singapore?—For the reason that I gave, that when it had been shipped for the purpose of being carried to Rangoon, it was discovered to be in process of heating, and a Report, which I have among these papers, a Report by a professional man, represented that it could not with safety even be left in the vessel, that it must be taken out and put into tanks, and preserved in ice, and so on.

Mr. *W. T. Thornton.*

14 July 1871.

10127. How did you get it to Malta?—It was done by the contractors who were engaged for the purpose.

10128. Would not the same appliances which took it safely to Malta and Alexandria have taken it safely to Rangoon, and laid it between Rangoon and Singapore?—I do not think it could have been trusted for a month on those ships; it had to be taken out and a certain process gone through; but quite independently of that, it would have gone into a much hotter climate, and would have been a much longer time on shipboard, if it had gone to Rangoon.

10129. Would not the course adopted in fitting it for Malta have been adequate to fit it for Rangoon?—The professional men employed certainly thought it would not, every one protested against sending it to Rangoon; it was out of the question for that season, it might have been taken out of these ships, put into tanks, and a quantity of ice put to it, and in that way kept over until another season arrived, and then it might with safety probably have been sent to Rangoon; but all that would have involved great expense.

10130. And then it would have anticipated any cable that might be laid between Rangoon and Singapoor?—If it had turned out well.

10131. Was it a condition on the part of the English Government, that the Indian Government were to pay half the cost of laying the cable between Rangoon and Singapoor, attached to this particular cable; did I rightly understand you to say, that the English Government would not agree to lay a cable between Rangoon and Singapoor, unless the Indian Government were to take this special cable?—All I can say is, that when the India Office did propose to them to lay a cable between Singapoor and Rangoon, the Treasury did not reply for many months; they simply left the inquiry unanswered until many months afterwards, when having this cable on their hands they agreed to the proposal made by Lord Stanley, provided that this cable should be employed.

10132. Does it appear in the correspondence between the Treasury and the India Office, that the proposal to lay this cable between Rangoon and Singapoor was simply in order to get rid of this cable?—No; at least not farther than to this extent; they stated distinctly that they did not think it would be safe to lay the cable between Falmouth and Gibraltar until further experiments had been tried as to the safety of laying down cables in deep water.

10133. Do you know whether this cable of 1859 came up to the scientific attainments of that period?—One would suppose so from reading the reports with regard to it.

10134. You have no knowledge which could lead you to an opinion on the other side?—No.

10135. Who was the Secretary of State for India at that time?—Sir Charles Wood.

10136. And who was the Chancellor of the Exchequer?—I do not know.

10137. We hear of "The Lords of the Treasury"; who are the Lords of the Treasury, any more than the Chancellor of the Exchequer?—The First Lord of the Treasury and the Junior Lords.

10138. Do you know the procedure within the Treasury?—Not in the least.

10139. Have you any reason to believe that "the Lords of the Treasury" are simply the Chancellor of the Exchequer?—I should have thought not; but I really know nothing about it.

10140. Probably you do know that Mr. Gladstone was Chancellor of the Exchequer, then?—I had forgotten it; but I recollect now that his name appears.

10141. How do you account for the Treasury having sold the cable in this present year, without any reference whatever to the proprietors of the cable, namely, the Indian Government equally with the English?—I cannot account for it.

10142. Has no explanation been given?—None at all.

10143. Has none been asked for?—Simply this, that the Secretary of State, in alluding to the arrangement, expressed surprise that he had not been consulted in reference to it.

10144. And you had no reply to that?—No.

10145. He did not ask why it was that the India Government's property should be sold without any reference to the Indian authorities?—No.

10146. Sir *C. Wingfield.*] Did they get a portion of the sale proceeds?—Yes; a small amount.

10147. Mr. *Crawford.*] Has anything further passed since you were last examined on the subject, with reference to the delivery charge of 9 *s.* 6 *d.* on telegraphic messages in India sent from this country?—When I was last examined, I mentioned to the Committee that I thought the Secretary of State would decide, next day, not to interfere. He has not come to any decision at all; the Government of India are continually telegraphing to know whether the Secretary of State does agree with them; but up to this moment he has not given any decision at all, the reason being that there have been strong remonstrances on the part of the Sub-marine Company; they remonstrating against this proceeding of the Government of India, and the Secretary of State being of opinion, I believe, that the Government of India are perfectly right, yet having been so far delayed by the remonstrances of the Submarine Company, as not yet to have sent any answer to the Government of India.

10148. What are the Committee to understand to be the position of the question at the present time?—Up to this time, the Red Sea Company have been in the habit of receiving for every message carried by them to India and delivered in the town of Bombay, although not delivered by them, 9 *s.* 6 *d.*

10149. Mr. *Candlish.*] What for?—I can give no reason why they should receive it; that is the point at issue. They have been in the habit of receiving this 9 *s.* 6 *d.* for every message carried by them to Bombay, and delivered at Bombay. The whole charge being 4 *l.* 10 *s.* for a message carried from England to India; if that message be delivered at Bombay they take the whole of it; whereas, if it be delivered five miles out of Bombay, the Government of India would take 9 *s.* 6 *d.*, the company then receiving 4 *l.* – *s.* 6 *d.* With regard to a message carried by the company to Bombay, and not taken out of Bombay, the company receive 4 *l.* 10 *s.*, the message being delivered at Bombay by the Government clerks and from the Government office. They have up to this time been in the habit of receiving 9 *s.* 6 *d.* in virtue of the delivery at Bombay, and the Government of India wrote a few weeks ago to let us know that they thought this an improper practice; it had recently been brought

to

to their notice, and they wanted from the 1st of July to change it, and that the 9 *s.* 6 *d.* should in the future be taken for themselves.

10150. Mr. *Crawford.*] Is it not equally correct to say that the Telegraph Company charged 4 *l.* 10 *s.* for a message to any part of India?—That is to say, with regard to a message taken from England to any part of India, for that the company if they took charge of the message in England would charge 4 *l.* 10 *s.*, accounting to the Government of India for 9 *s.* 6 *d.* of that, in regard to messages sent to any part of India, except Bombay.

10151. And upon that you place the construction that the Government get nothing for the delivery of a message in Bombay, in respect of which they have very little labour or expense?—Yes.

10152. Whereas, now you are going to charge the same sum for the delivery of a message next door in Bombay as you would if you sent it to Calcutta or Madras?—That is the prospective arrangement.

10153. And do I rightly understand that the Government of India are still pressing that on the Government here?—Yes.

10154. But the Government here have not yet made up their minds on the subject?—They have not yet agreed to do it.

10155. Do you remember a deputation connected with commerce waiting on Sir Stafford Northcote some years ago, and pressing on him the expediency of establishing telegraphic communication with India by way of the Red Sea?—I have some recollection of it.

10156. Was not the answer that Sir Stafford Northcote gave to those gentlemen to the effect that such an enterprise as that should be carried out by private capital and private intelligence, and that the Government could not undertake it?—I do not recollect his giving that answer, but I feel sure that that would be the answer that he would give.

10157. Then private individuals having undertaken that task, ought they not to expect any reasonable facility from the Government of India in carrying out their business?—I think that what they are entitled to in carrying messages to India is, the whole of what is paid by the senders of those messages for that conveyance.

10158. But having taken on themselves, in answer to Sir Stafford Northcote, a very risky business, ought they not to receive a liberal consideration and treatment at the hands of the Government of India?—If "liberal consideration" implies any pecuniary contribution from the revenues of the people of India, I should say certainly not.

10159. Do you not think that they ought to have the same accommodation given to them with respect to their messages in India as Indian messages have when they are received in this country at the hands of the Post Office authorities here?—I can give a very good reason why they should not. In the first place, in a country like this, where there is an immense deal of traffic, a very much lower rate will pay the expenses. It would be quite an impossibility for the Government of India to charge so low a rate for the conveyance of messages across that great country, where, moreover, the telegraph has been established at so great an expense, and is maintained at so great an expense.

10160. I am not talking of actual comparison of rates, but as to the principle on which messages of the public should be received and accommodated in India. What I mean is this: in India you tell us that you intend to charge 9 *s.* 6 *d.* as a recompense to the Government for the labour of carrying every message received at Bombay to any part of India, the next door house even in Bombay included, the charge for a regular local message of 20 words carried from Bombay to any part of India being 4 *s.* Now, in this country the charge for a local message is 1 *s.*, and it has already been stated, I believe, in evidence (if not, I believe I may state it to be a fact) that the cost of bringing an Indian message received at Falmouth to London is not in the proportion of 9 *s.* 6 *d.* to 4 *s.*, but in the proportion of 9 *d.* to 12 *d.* Now, can you justify the excessive difference in the relative treatment of the same line at either end; in the one case you carry the message here for 75 per cent. of the regular charge, and in India you carry it at a cost of something more than 200 per cent. of the regular charge?—A very great number of points are involved in your question. I think I can justify the Indian Government in regard to every one of them. Let us take, first, the one upon which you lay the most stress, namely, that whereas the English Government charges less for through messages than for local messages, the Indian Government charges twice as much apparently for through messages as for local ones. Now, with regard to that, I have first of all to endeavour to set the Committee right with regard to the matter of fact. It is quite true that for a message of 20 words taken from England to India by the Red Sea Company to Bombay, and carried from Bombay to Madras, or Chittagong, or any other part of India, the Government of India will charge 9 *s.* 6 *d.* for its delivery in India; whereas if the message had not come from outside of India, if it had originated at Bombay, and been carried to any other place in India, then for that message the charge would only have been 4 *s.* Apparently, there is a difference of 5 *s.* 6 *d.* in favour of the local message; but then it must be understood in regard to the through messages, that they are carried in a different way, and with many attendant advantages; this charge of 4 *s.* on local messages is made on the understanding that they shall not be carried at night, that they shall not be carried on Sundays, and that they shall not be carried on holidays; whereas through messages are carried at all times, night and day, on all days, and in addition to that, they are all repeated, no local message being repeated. I have not put my case quite strongly enough yet; if a local message should be carried on these exceptional days, and with these exceptional advantages, then it is carried at different rates, which I have got here if the Committee will allow me to refer to them. We have said with regard to local messages, that the ordinary rate is two rupees, or 4 *s.* for 20 words; now if a local message were sent on Sundays, or between 10 p.m. and 6 a.m. on week days, instead of being charged only 4 *s.*, it would be charged 8 *s.*; if it were a cipher, or code message, it would pay 8 *s.*, or even 16 *s.* if sent on Sundays, or at night; now these are the ordinary local charges for local messages; these are the charges which would be made for a local message if it were sent in the same way as a through message; therefore, I think the Committee will see that local messages really and truly for equal services,

Mr. *W. T. Thornton.*

14 July 1871.

vices, not only do not pay less, but pay more than through messages. Now in further justification of the amount, namely, 9 *s.* 6 *d.*, which does no doubt seem a very large amount (and I will not say that it is not too much), there is this further to be remembered, that when the Red Sea Company was established special wires were put up at a very great expense for the conveyance of those messages; they are not sent by the ordinary wires. Now, again, to see whether the amount be too large, the Committee will recollect that when I was last examined, I showed that notwithstanding the high rates for telegraphic messages in India, the whole telegraphic establishment was carried on at a loss to the Indian Government of 80,000 *l.* a year without counting interest; if that is the case it shows, I think, that the local rates are not too high, not high enough in point of fact, so that even if the rates for through messages were more in proportion, it would not be a proof that they were too high.

10161. May it not be the fact that that loss is sustained by your rates being too high generally?—The answer to that would be that they have been very greatly reduced lately in the expectation that a diminution of rates would cause an increase of traffic, and in that expectation I am sorry to say that the Indian Government has been greatly disappointed.

10162. How long have they been so reduced?—Eighteen months or two years, I think.

10163. Is it not probable that the charge of a double rate upon ciphered messages may have something to do with it?—I do not think so.

10164. On what principle do they charge a double rate for ciphered messages?—I believe it is universal.

10165. That all telegraph companies charge double for a cipher message?—That they charge more at any rate; I believe they charge double.

10166. Is not that charge owing to a feeling on the part of the Government of India that treasonable messages may be sent under the guise of cipher?—I do not imagine so; I do not think that that motive can at all weigh with the Red Sea Company here; and, moreover, though I do not like to speak very positively about it, I am almost certain that the Vienna Convention lays that down as the law to be obeyed by all parties to the Vienna Convention.

10167. But the Indian Government is not under the dominion of the Vienna Convention?—Excuse me, they are.

10168. As regards their internal business?—Yes.

10169. Are you bound by their rules?—Yes, the whole of India was represented at the last Vienna Convention.

10170. Do you mean to say that the Indian Government cannot alter their internal rules as regards the conveyance of messages from Bombay to Calcutta, if the alteration is not in accordance with the prescriptions of the Vienna Convention?—I do say so, that they could not alter the rates in contravention of the rules of the Vienna Convention.

10171. Is it not a fact that the Indian Government have declined to allow the British Indian Company to have an office of its own in Bombay?—I answered that question at my last examination; I am quite ready to repeat what I said then.

10172. It is so, is it not?—I do not like to say that the Indian Government declined to allow that; what they did was to offer something to the company which the company preferred.

10173. Did the company want an office of their own in Bombay?—They did want an office of their own in Bombay.

10174. And that the messages should be received in their own office?—Of that they said nothing whatsoever.

10175. Is it the fact that the Government, having the dominion over their own office, are prescribing rules and forms to be filled up in that office in which messages are to be sent over a line with which they have nothing to do?—I have not heard that that is a fact; I should think that they were going beyond their province if they were to prescribe certain forms with respect to the conveyance of messages which were to be sent over lines that were in no respect their own.

10176. It has reached my ears that the Government are laying down a form to be filled up in their office at Bombay for messages intended to be sent to this country; what is the reason of that?—I suppose that they would not do it without a reason; I do not myself see what reason they can have for it.

10177. Mr. *Grant Duff.*] The state of the case is this, is it not, that with regard to all international charges we are bound by the Vienna Convention, but not with reference to our internal tariff?—I believe that that is the right statement of the case.

10178. Sir *C. Wingfield.*] In fact the terms of the Vienna Convention leave the Government free in regard to internal traffic?—The correction which Mr. Grant Duff has just made of my previous answer applies to local messages not to through rates; they might alter the local rates. I was really thinking of the conveyance of through messages through India.

10179. You dwelt a good deal on the great advantages that the Submarine Company enjoyed in having its messages carried by a special wire, and also in those wires being worked all the 24 hours; whereas local messages have to go on the ordinary wires, where they may be delayed, and they are charged double between certain hours at night; but is it not the case that by Articles 1 and 2 of the Vienna Convention you are bound to send international messages or submarine messages by a special wire, and to make the same charge night and day?—I doubt it very much, without seeing it in black and white; but, at any rate, even supposing that it was so, the Vienna Convention does not require you to make new wires, which was what we did, and better wires than we had before.

10180. If it binds you to send the messages by a special wire confined to international messages, it binds you to provide that wire, whether new or already existing?—I really have not the Convention here, and without having it I do not like to admit that we are bound to that.

10181. I speak from my recent reference to the book?—But is it your meaning that all through messages are to be carried by a wire which is appropriated to them, and to them alone.

10182. That international messages shall be sent by a special wire, and that they shall be sent at all hours; that is my reading of it yesterday. My argument upon that is this, that inasmuch as you cannot help giving us those advantages by the terms of the Vienna Convention, the British Indian

Indian Company owes the Government of India no special thanks for those advantages. What have you to say to that?—I think I must remind you that the Vienna Convention in assigning certain duties to certain administrations, also does distinctly say what rates they may charge for them, and the Vienna Convention does entitle us to charge 7 *s.* 6 *d.*, and did entitle us to add the 2 *s.*, which makes the 9 *s.* 6 *d.*

10183. But your argument was that if the British Indian Company considered that the special advantages which it got in reference to having messages sent at all times, and having a special wire, the rate of 9 *s.* 6 *d.* would not be more than the local rate; and the answer to that is, that inasmuch as it is not optional with the Indian Government to provide a special wire, and send those messages at all hours, but they were bound to do it by the Vienna Convention, that does not furnish any plea for charging a higher rate?—The simple question is whether the 9 *s.* 6 *d.* is too much.

10184. That is the general subject for discussion; but I am interrogating you on the reason which you particularly assigned for charging that 9 *s.* 6 *d.* Have I not shown that that reason does not apply?—But perhaps I may be allowed to alter the words which you have suggested for me; I did not assign that as the reason why the 9 *s.* 6 *d.* was charged; I assigned that as the reason why the 9 *s.* 6 *d.* was not too high.

10185. That is the same thing; and I say that those reasons fail. However, we have not the Vienna Convention here, and therefore there is no good in saying any more on that point now. Are you aware that the French Government have recently allowed the British Indian extension cable to land at Porte St. Jaques, which is the port of Saigon, and that under the agreement they make the same charge for the messages to Saigon as by local rates, and no more; and that they also allow them to have an office of their own, and delivery clerks of their own, or to use the Government offices?—I did not know that that was the fact; but if it should prove to be the fact, both there and in another case which was mentioned to me the other day by Mr. Pender, I should say that such exceptions only prove the rule. The rule is, that Governments do have a terminal rate; and when in reply to such an assertion as that, I am told that it is not done at Saigon, and that it is not done in Egypt, I say that such exceptions prove the rule. I should like to read a memorandum which has been kindly drawn up for me by Major Champain, who has looked into the matter. We wanted to know whether we were justified in saying that a terminal rate is charged by the European Governments, and he has looked into the matter, and this is the way in which he gives it to me: "In Article 14 of the Brussels Convention of 1858 the high contracting parties adopt as the basis for international tariff the then recognised local rate of 1 *s.* 3 *d.* per 50 miles, 2 *s.* 6 *d.* per 100, and so on for messages of 20 words. The inconvenience of this system, which necessitated a different rate from and to every different station in Europe, and involved terrible intricacy of account, led at the Paris Conference of 1865 to the adoption by universal agreement of an *average* through and terminal rate for each State, and this arrangement was, without a solitary objection, continued at the Vienna Conference of 1868. It is an invariable rule to charge the terminal rate for a message directly it crosses a frontier either marine or land. The Vienna Convention defines as follows: 'La taxe terminale est celle qui revient à chaque. Etat pour les correspondances en provenance ou à destination de ses bureaux.' On this principle the British Post Office receives a terminal rate on all the cables between England and the Continent, of which there are 22 to France, 8 to Holland, 9 to Belgium, 1 Jersey to France, and others to. Denmark, &c. All, without exception, pay the same rate for all England, the same for all France, all Holland, all Belgium, &c.; so that, for example, a message from Dover to Calais pays precisely the same tax to England and France (irrespective of cable charge) as if it had passed between the Shetland Isles and Marseilles." And here there is one more example, to which I particularly request the attention of the Committee: "Another example is this: a message from India to Fâo (at the mouth of the Euphrates) pays our cable charge and in addition 9 francs to Turkey, although delivered possibly a few yards from an office door and never passing over a Turkish wire at all."

10186. You make the rule yourselves then, do you not?—Excuse me, that is what we pay to the Turkish Government.

10187. You say that in all countries they take a terminal charge, but in England certainly that terminal rate covers the transit rate, because no messages are received and delivered on the sea coast, either on the Anglo-American or on the British India line; there is no local traffic whatever, and the messages are sent all over England, therefore it is really a transit rate?—There is no parallelism between England and India; still what you have just said applies equally to India; we charge the same for through rate as we do for terminal rate; although for this message delivered at Bombay next door, we charge 9 *s.* 6 *d.*; we should charge no more than 9 *s.* 6 *d.* for it if we carried it to Chittagong.

10188. But in one case you carry a message 50 miles, or 1,000 miles, and in the other case you charge for carrying it next door?—It would be unpardonable for anyone but a Government to charge money for doing nothing; in a Government it is pardonable. The complaint against the Indian Government is that it charges the people of Bombay 9 *s.* 6 *d.* for merely delivering messages to the house next door; or rather not that it does so, but that it contemplates doing so hereafter. Observe, that that being the complaint against the Indian Government, what possible excuse can be found for the Submarine Company which up to this time has always charged that 9 *s.* 6 *d.* for messages which it did not deliver, but which have been delivered by the Government clerks. If the charge is to be made at all, should it be received by the Government who do what little service is done, or by the company who do not do even that little service?

10189. When you say that you must be aware that the British Indian Company would be only too happy to be allowed to deliver by their own clerks, but the Government will not allow them to do so?—But the question we are now talking of is whether it is right that 9 *s.* 6 *d.* should be charged for delivering messages brought to Bombay in Bombay; whether that charge be made by the company or by the Government cannot make any difference with regard to the principle;

Mr. *W. T. Thornton.*

14 July 1871.

principle; if it be a complaint against the British Government that they should charge so much for doing so little, the complaint is still greater against the Submarine Company for charging so much for doing nothing at all.

10190. You are aware that in the interview you had with Mr. Pender, the British Indian Company said, "Very well we will not take the 9*s.* 6*d.*, do not you take the 9*s.* 6*d.*, let the public have the benefit of it"?—Really the question divides itself into three branches, first of all the propriety of levying a terminal rate at all; secondly, that being admitted, the next branch of the question is who shall receive it, the company or we; and the third question is whether the amount be too large or too small. It really would be advisable to keep them distinct.

10191. I think you admitted that the British Indian Line was a benefit to India, that it would be a calamity if this line were stopped, and you had not an alternative line?—A very great calamity indeed.

10192. You are quite right to grant no favour to the British Indian Company, but why not give it a fair field; allow it to have its office and delivery clerks at Bombay, and allow it to solicit custom, and enjoy perfect freedom to consult the benefit and interests of the public fairly, without hindrance or restraint from the Government?—Well, it is not for me to suggest what questions I should be asked by the honourable Member; I am quite ready to answer that question, but I wish it had been postponed; I wished to have disposed of the terminal rate first, but if I am asked why the company are not to be allowed not only to have offices, but to receive and deliver the messages and charge for them, the sort of answer I should give would be this: the reason why the Government would not allow them such commerical freedom is the same reason for which all Governments shackle commerce, for the purpose of getting revenue.

10193. Mr. Crawford contrasted the different treatment by the Government at one end of the cable and that of the other; that whereas the English Government charges less than the local rate, the Indian Government charges a great deal more?—But really there is an open question now between the Government of India and this company; the company are levying this charge now, the Government wish to levy it, and that question is unsettled, and I wished to give reasons why the Government might claim it. There is another thing that I should like to mention. Up to this time the company have been receiving this terminal charge, which amounts to about 8,000 *l.*, which has been paid to them for doing absolutely nothing. What little is done is done not by them, but by the Government officers. There is no doubt about this, that the 8,000 *l.* are paid into the company, that the terminal rate amounting to 8,000 *l.* is received by the company, and the company do nothing for it. What I want now to point out is, that this 8,000 *l.* comes out of the pockets of the people of India, and is really equivalent to a subsidy to this company. Now, quite apart from the general inexpediency of subsidising any company, there are special reasons why this company should not be subsidised. When this company was in process of formation, it was very much afraid of the rivalry of the Indo-European Company, which goes through Russia and Persia; the latter was then rather more than in process of formation, because it had been formed and was about to open its communications. Now, in the letters addressed to the India Office by the Red Sea Company when it was in process of formation, there were various things that they demanded, but one thing in particular, that we should never henceforth give any pecuniary or financial assistance to any line which could come into competition with theirs, and the Secretary of State gave the promise that he never would give such pecuniary assistance. Nevertheless, inadvertently, the Indian Government has up to this moment been giving a subsidy to this very company which remonstrated against subsidies being given to any, and the Government of India finding out this wish to correct it for the future.

10194. You call it a subsidy, not to take the same amount for messages delivered in Bombay that it does for messages delivered in Calcutta?—No.

10195. Because they did take 9*s.* 6*d.*, and are going to take 9*s.* 6*d.*, for messages delivered in Calcutta, and they have never yet taken it in Bombay?—It is not as if a different charge were made to the public at Bombay from what is made at Calcutta; it is 4*l.* 10*s.* in both cases; the only question is, who is to get the odd 9*s.* 6*d.* I say that if the Government in every other case gets it, but in Bombay lets the company have it, it is subsidising the company.

10196. How do you meet what the company say, "We will not charge it; do not you charge it"?—I think that in saying that, the company are talking very much like the dog in the manger, if he could talk. "We were quite content to charge it as long as we could have it; but we object to your charging it when we cannot have it." The people of Bombay have never complained; they know perfectly well that if an average rate be established all over India, the average rate must be in some places too high.

10197. The people of Bombay would prefer to get their messages for 4*l.* to getting them for 4*l.* 10*s.*, would they not?—I think it is very possible that the people of Bombay may be sufficiently enlightened to be willing to pay 4*l.* 10*s.* in order that they may pay only that when they go to the other end of India, just as we are willing to pay a penny on our letters in order that people in the Isle of Man and at John-o'-Groat's House may pay only a penny.

10198. Mr. *Fawcett.*] Suppose that the question came under the consideration of the India Office, whether a guarantee should be given, I believe that no guarantees are given at the present moment; but if in past years the question arose, whether a guarantee should be given of 5 per cent. to any proposed railway, what course was adopted with a view of ascertaining the advisability of the guarantee or not?—I think it is for the Secretary of State to judge for himself, where he would seek for advice, where he would seek for information, and the means of forming a judgment. He would apply for opinions to any persons whom he thought capable of giving them.

10199. I understand from Mr. Seccombe that it specially formed a part of your official duties to advise the Secretary of State as to the advisability or unadvisability of giving a guarantee?—I should give a very different definition of my own duties myself. My business is rather to carry out the instructions of the Secretary of State, or to put them into writing. At the same time, no doubt, every Secretary is very frequently invited to give an opinion, and very often

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is permitted to volunteer one. In my own case, I often am invited, and often do volunteer; but that really is a matter of grace on the part of the Secretary of State; he listens to me, and allows me to speak or not, as he thinks proper.

10200. Do you know whether, for instance, careful estimates are made before the guarantees are promised as to the probability of the railway realising 5 per cent., so as to cover the guarantees?—Almost all the guaranteed companies were created before I had the railway business. I can undertake to say that no guarantee ever would be given again without a most careful estimate as to the railway paying.

10201. In past times, have not railways been guaranteed since you were connected with the railway department?—One or two.

10202. In that case, was an estimate made of the probability of the railway paying?—An estimate, considered to be careful, was made, but nothing but the result can prove that it was careful.

10203. What steps were taken; were engineers employed?—Yes, in all cases the land is carefully surveyed, reports are given as to the existing traffic, estimates made of the probabilities of the increase of the traffic, and so on.

10204. Do you know whether in that particular case the estimates turned out to be at all correct?—The one which I am thinking of now is the estimate for the Carnatic Company. I do not think that of it the first sod has been laid yet, and I do not think that besides it and the Oudh and Rohilcund any railway has been guaranteed in my time.

10205. But suppose the estimate did not show that the guarantee would be covered, would it then be part of your duty to point that out to the Secretary of State, and advise him that no guarantee should be given?—It might not be my duty, but certainly it is an office that I should presume to take upon myself. I should venture to state to the Secretary of State my objections, but it would be entirely for him to judge whether what I said was worth listening to.

10206. Do you know whether in every case in which 5 per cent. was guaranteed, the estimate showed that the 5 per cent. would be realised?—No; because in many cases the objects of the railway were considered to be at least as much, if not more, political and military than commercial.

10207. Sir *S. Northcote.*] I think that the questions of the honourable Member for Brighton, if I understand them rightly, point to the general system upon which the Secretary of State proceeds in acquiring information, in order to judge whether he should, or should not, give a Government guarantee for a particular work. Would you just mention to the Committee what you consider to be the relative functions of yourself as Secretary of one of the departments of the India Office, the members of Council, the Committee, especially, of Council, which looks into railway matters, and the Secretary of State?—Speaking with regard to the papers upon which the whole affair was based, whether it was an application from some company which wished to create the railway, or whether it was a letter from the Government of India, or whatsoever the document might be, in all probability it would come in the first instance to myself; I do not mean by that, that it would not come before the Secretary of State, but the Secretary of State refers it to me, and then my business upon that is to read it, and place upon it a sort of report, or *précis*, or minute, or whatever else it is called, which first of all states the contents, and the object; and in addition to that, I always consider myself at liberty to give my opinion as to the propriety or policy of acceding to the application; then, I having done this, this report of mine goes to the Under Secretary of State, who sends it to the Secretary of State, either one or the other making comments upon it in those stages as he pleases; and then the Secretary of State refers it to the Committee, who again consider it, and either adopt it, or modify it, or reject it, or substitute something for it; and then after the report, or whatever it is called, has passed through that ordeal, it goes again back to the Secretary of State, who again sends it to the Council, who again sit in judgment on it, and either modify it, or accept it, or reject it with the Secretary of State's concurrence; he, as I understand and take for granted, being the final judge as to the final course to be adopted; every one as it seems to me is responsible to the Secretary of State for the opinions which he offers to the Secretary of State, the Secretary of State being himself responsible for the action which he takes on those opinions.

10208. When you say that the Secretary of State is the person finally responsible, do you mean the Secretary of State individually, or the Secretary of State in Council?—Well, I answer the Right honourable Member with great diffidence; but I should have thought that in all cases, except those of finance, he was individually responsible. This particular one is a question of finance, however, and he could not in such a case decide without the consent of the majority of the Council.

10209. That is to say, it would not be competent for the Secretary of State to give the guarantee of the Government of India to any public work, railway, or otherwise, unless he obtained the assent of the majority of the Council?—That is so.

10210. Then before the matter is finally discussed and decided in Council, the Secretary of State has had the advantage, at all events, of the official experience of the Secretary of the Public Works Department and of the Members of Council who form the Committee which sits upon public works?—Just so.

10211. Now are you aware whether it frequently happens that in addition to consulting those authorities, the Secretary of State either himself consults, or desires those with whom he is in communication to consult, persons outside the office, who are competent as engineers, or from other reasons, to form an opinion upon the question at issue?—I almost doubt whether in any case the Secretary of State has taken such a step as that. I think myself that though he would require an engineering opinion, he would think very likely that the engineering opinions which he had obtained from India would be of more value than any which he might obtain from engineers in England, owing to their not having had Indian experience and local knowledge; but, of course, it is competent to the Secretary of State to do that if he thinks proper.

10212. But is it not within your knowledge, as a matter of fact, that the Secretary of State has from time to time consulted engineers with reference to such works as the Kurrachee Har-

Mr. *W. T. Thornton.*

14 July 1871.

bour or the bridge over the Hooghly, or various other works of that kind?—Yes; I thought you were speaking only of guaranteeing railways.

10213. The same principle would apply to the guaranteeing of railways, as of any other works, would it not?—Much the same process is adopted; as I said, in answer to the honourable Member for Brighton, before any railway is undertaken a very careful survey is made of it, which implies that engineers are specially employed to investigate the matter. Of course their report comes to the Secretary of State, which is another form of his consulting them. But in regard to the Kurrachee Harbour Works, the Secretary of State took the initiative there, and sent out an engineer to examine.

10214. As I understand, the honourable Member for Brighton wants to ascertain whether the Secretary of State, who is probably a person versed in political life, but is probably not conversant with matters of engineering, takes the responsibility upon himself personally, or whether before doing so he takes steps to consult those competent to form an opinion and give information, and if he takes steps to obtain the opinion of those competent to form an opinion, what those steps are?—Invariably one way or another he would either himself ask the opinion of competent men, or when the project was placed before him, it would be accompanied by the opinions of practical men who had been previously consulted.

10215. I rather think that this question arose, in the first instance, out of a question with reference to the Mutlah Railway; that the question was asked by the honourable Member for Brighton, who was responsible for recommending, first, the guaranteeing of that line, and, secondly, the taking of that line upon the Government; can you say who would have been responsible; of course, the ultimate responsibility rests upon the Secretary of State, but I mean what advice would the Secretary of State have received before he decided on those two steps?—I cannot answer as to the facts in respect to the first part of the question; I know what he might have done, and what, in all probability, he did. For example, with reference to the construction of this railway from Calcutta to Port Canning, the Mutlah Railway, my idea is that in this particular instance the Secretary of State got the first idea from the promoters of the company who wanted to create this railway; I do not think that the original idea came from the Government of India; but, of course, the Secretary of State would not have guaranteed such a railway without taking some steps to ascertain whether the Government of India concurred with him in the propriety of making it. There is no doubt that the line has turned out a failure, but I do not think that there is any difficulty in seeing why.

10216. Then, according to your experience, it probably was the case that the original guaranteeing of this line was the result of communications between the Government of India and the Secretary of State?—I can scarcely doubt that; I do not recollect it, but I cannot conceive that the Secretary of State could have guaranteed the line without ascertaining whether the Government of India concurred with him in the propriety of doing so.

10217. *Chairman.*] I think, as a matter of history, that line was particularly pressed upon the Home Government by Lord Canning, when he was Governor General?—That was not my impression; I rather thought that it was pressed upon Lord Stanley by people in India.

10218. Sir *S. Northcote.*] You are not able from memory, it seems, precisely to state what the circumstances of the guaranteeing of that line were. Can you say how those circumstances can be got at in case the Committee wish to investigate them?—Nothing would be more easy; we have nothing to do but to refer to the correspondence.

10219. And you would be the person in the India Office to give the answer?—Now, I should; but at the time that that company was guaranteed, though I was Public Works Secretary, I had not charge of the railway business; that was transferred to me afterwards.

10220. And similarly, with regard to the subsequent transactions, when the line was taken out of the hands of the company by the Government, you would be able on referring to the correspondence to give the answer?—That part of the question I can answer at once.

10221. Perhaps you would mention generally how that came about?—It is just this, that the railway did not pay its working expenses; every year there was a deficit, of which the Government got tired; they got tired of adding this deficit to a debt of which they saw no prospect of recovery, and so they gave the company to understand that if things were to go on in that way the company would have to pay it out of their guaranteed interest, which means that they could not have given 5 per cent. to their shareholders; the guaranteed interest being 5 per cent. on the cost of the line, of course it would not pay 5 per cent. to the shareholders, if they had to deduct out of that any loss for their working expenses.

10222. Mr. *Crawford.*] Then the company could have enforced the surrender clause, and called upon the Government to take over the concern?—Yes.

10223. Mr. *Fawcett.*] Am I to understand from your answers to Sir Stafford Northcote, that when we are investigating the question of railway guarantees next Session, you would be the proper person under the authority of the Secretary of State, to produce from the India Office all the papers with the names of those people who wrote them, upon which the Secretary of State formed his opinion as to the advisability of giving any particular guarantee, assuming that the Committee desire the production of such papers?—I should be the proper officer of the department to give any information relating to railways, and to produce those papers under the authority of the Secretary of State. I mean so far as the Secretary of State has formed his opinion upon documentary evidence.

10224. Sir *Stafford Northcote.*] It is possible that he might have formed his opinion to some extent on interviews, or non-official correspondence which does not remain in the office?—Yes.

10225. Mr. *Bechett Denison.*] Are you cognisant of the transactions that took place between the Orissa and Behar Irrigation Company and the Government of India, at the time of the taking over of the works of that company?—I am.

10226. I wish to direct your attention to some answers that Mr. Geddes gave in answer to the honourable Member for Brighton: At Question

tion 9525, Mr. Geddes says, "I would point out, for example, that in the talking over of the Orissa Irrigation Company, it was well known that the company had been paying dividends out of capital, and it was notorious that the shares were at a discount." The next question is. "Then did the Government take over a company whose shares were at a heavy discount, and take over the shares at par?—*A.* I believe so. *Q.* Did they give anything besides that?—*A.* I think they gave 50,000 *l.* as a bonus, and they gave also 14,000 *l.* to keep up a scheme called the Behar scheme, for which the company had some kind of promise, but for which they were unable to raise capital. *Q.* Then is it your opinion that a company whose shares were at a very heavy discount, and which had been notoriously paying dividends out of capital, was bought by the Government at par, and received 50,000 *l.* in addition?—*A.* I believe these were the facts. *Q.* And you state that opinion after perusing the documents?—*A.* Yes." Would you kindly tell the Committee, if you can, what were the considerations that led the Government of India to take over those irrigation works on the terms that they did?—The grounds are both general and special. Generally the Government of India think it very unadvisable, that any private companies shall create or have anything to do with irrigation works. There is no occasion to state what the reasons are for that opinion; I presume they are tolerably patent. But with regard to this particular company it is the only unguaranteed company, or almost the only unguaranteed company that ever really had any status at all. I do not mean to say that there were not one or two other abortive undertakings that lasted for a time, but this company without a guarantee, did succeed in raising a capital of, I think, a million, for the purpose of creating irrigation works in Orissa. But having expended the whole of this million it came to a stand-still; it could not raise any more, and it applied to the Government for assistance. The Government gave it a certain amount of assistance, principally because it was necessary to give employment to the starving population.

10227. Pecuniary assistance, do you mean?—The Government advanced money, but, as I say, principally with the view of affording employment to the starving population of the district. But the Government did not think that that would be a plan which it would be at all advisable to continue indefinitely, and there really was no prospect, at least the Government thought there was none, of the company being able to raise any more money without a guarantee, or without some sort of assistance from the Government, which the Government simply had no idea of giving. Well, it was very important that these works should be continued one way or another, and inasmuch as the company could not continue them without the assistance of Government, the only alternative was for Government to get them out of the hands of the company, and it did so by offering them these terms, which, in one sense, certainly were very extravagant. There is no doubt that the shares of the company were at a heavy discount, and that we paid for the shares at par; and, in addition to that, gave them 50,000 *l.*, not exactly as a bonus, that is not exactly the proper word; this 50,000 *l.* was given in order to compensate those officers of the company who might lose their employment in consequence of the transfer. With regard to the 14,000 *l.*, certainly something was given in consideration of the Behar scheme, but I forget the exact amount; but in all other respects the facts are substantially as they are stated in the evidence of Mr. Geddes. I say that this appears in one sense to be an extravagant bargain on the part of the Government, but the Government, nevertheless, thought that if these works were continued they would be remunerative, not perhaps so largely remunerative as the company had been in the habit of thinking and representing to the public in general, but they had reason to believe that they would be fairly remunerative; and I must just add to that, that, according to our most recent Reports, and we have had lately a very elaborate Report drawn up with extreme care upon these Orissa works by one of the most eminent engineers in India (*vide* Appendix), there is every reason to believe that the works will pay very fairly indeed, some 10 or 12 per cent. I am not sure whether it is not more, but there is every prospect now of their paying fairly. It will take some time, because they were works which really involved an immense deal of unproductive expenditure before the productive expenditure could commence. It was necessary that an immense amount of money should be spent in bridling the rivers; before any steps could be taken for turning the water to account.

10228. Had not the Government come to the rescue, what would have been the natural result; the works would have been indefinitely postponed, I suppose, the company not being able to find the money, and the Government could not have compelled the Irrigation Company to withdraw from the country, nor yet to complete their works?—I think that unless the company had gone to Parliament, as they very probably would, and endeavoured to get a special Committee to examine into the whole thing, and recommend that Government, in spite of itself, should guarantee them, the company must have come down to any terms that the Government had thought proper to offer. In the meantime the works would have deteriorated; the Company would have fought a hard battle for it, no doubt; but still, if they had not got this support, which most companies of the kind think that they may get from Parliament, then the result would have been that they must have come to the Government and accepted any terms that the Government thought proper to offer.

10229. And were the terms as finally arranged by the Government contested by the Irrigation Company as insufficient?—They were, strange to say; the strangeness can be explained, if it is worth while to explain it. One thing was this; the Government of India wrote a despatch to the Home Government, that is to say, to the Secretary of State, recommending the purchase of the works, and giving their reasons in great detail, but particularly saying that they thought that the works might pay; they were not very sure about it, but it was probable that they would pay more or less one of these days; but still the great reason for taking them over from the company was not that they expected to make much by them, but the extreme impolicy of leaving them in the hands of the company. Well, if all the details of this despatch had been known to the shareholders of the company, I have no doubt that the company would have been uncommonly

Mr. *W. T. Thornton.*

14 July 1871.

monly glad to get paid at par for shares at a discount; but as they really did not know them, they began to imagine that the Government thought that the undertaking was a very good one indeed, and were trying to get it on cheap terms; the company being in the dark, and taking it for granted that the Government must be endeavouring to drive a hard bargain, said, "If they are offering so much, it must be because they think that the works are worth more."

10230. Mr. *Eastwick.*] The great difficulty had been, had it not, to get the ryots to take the water?—There had been that difficulty.

10231. And there had been a great outlay, and the prospects of getting repaid were considerable at the time that the Government insisted upon these works being given over; and that that is the case is proved by the report which you have just mentioned, which shows that they were likely to pay 10 or 12 per cent.?—I think that all that you state is quite true, as is proved by the result. The works were in a condition in which the judicious expenditure of a further sum would have made them remunerative; but then the difficulty was to persuade the shareholders of that. The public could not be convinced of that; all they did know was, that they had already subscribed a million, and had not got a penny of dividend except from capital.

10232. You would say after all, would you not, that the company had some reason for rather demurring to the arrangement?—I do not think so at all. I think that I have given the simple reason; the public not knowing the views of the Government, finding that they made a liberal offer, and taking it for granted that they wanted to drive a hard bargain said, "If they offer so much for the works, it is because they think them worth more."

10233. Mr. *Bechett Denison.*] Was not there a reason of policy in the Government offering these liberal, or even as you say extravagant terms, namely, that they did not wish it to go forth to the country, that Government had done anything in the way of strangling private enterprise in India?—I have no doubt that there would have been a very great outcry about it; and indeed there is some justification for the company. Since these men who had been induced to raise money without a guarantee had entered into a bad speculation, I think that if ever any men did under similar circumstances deserve consideration from the Government, those men did.

10234. You say that you have every reason to believe, from the latest report, that these Orissa irrigation works will prove productive; from evidence given to the Committee, there is some fear that the irrigation accounts are made to include the increase of the land revenue, that that is comprised in the irrigation works accounts, as well as the water cess proper. Can you give the Committee assurance that any returns which are brought before us of the remunerative character of these irrigation works shall be made to show the details both as to the water rate and as to the increased land revenue?—It is worth while explaining to the Committee that the practice in reference to the returns from irrigation works is different in different parts of India. In Madras it is as you say, but not in all parts of Madras. In the old works of the Cauvery Delta, and in most of the irrigation works of Madras, there is no special charge made for the supply of water, but the Government having created an irrigation work, charge a higher land tax for irrigated land than for unirrigated land, and therefore in the greater part of the Madras Presidency it is almost impossible to ascertain how much of the increased revenue which follows irrigation works is due to those irrigation works. It is a constant subject of dispute between the engineers and the revenue officers; but in the north of India, with regard to all those irrigation works, the revenue for which the works get credit, is simply direct revenue obtained for water, you charge so much for the supply of water. There are also certain miscellaneous charges, tolls, and things of that kind, but the revenue for which the department takes credit, and will take credit in this case, will be what it gets for the supply of water. Quite irrespective of that, there is the indirect revenue, the increase of land revenue consequent on irrigation.

10235. Mr *Eastwick.*] In these reports just come home, does it mean that the 10 or 12 per cent. is due to payments from the water, or does it include the land revenue?—When I say 10 or 12 per cent. my memory may fail me; all I know is that it is a good prospect that is held out, and it means not from the land revenue, but the water cess.

10236. Mr. *Candlish.*] What was the amount of the capital of that company?—It was a million, I think.

10237. How much did we give for it?—A million, plus 50,000 *l.* plus 14,000 *l.*

10238. What was the price of the shares at that time?—It was more than 20 per cent. below par; I forget how much.

10239. Could you put in a small Return, showing the essential facts of this transaction?—Yes.—(*Vide* Appendix.)

10240. Who were the leading men of the Orissa Company?—Mr. James Thomson, the chairman of the Agra and Masterman's Bank was chairman; Sir George Pollock, Mr. Arthur Kinnaird, Colonel Grimes, and Colonel Onslow were the others.

10241. I think I understood you to say that you gave them a guarantee; that is to say, you took their shares at par, simply because they never asked for any guarantee?—No, I did not say that; what I meant was, that they being the only company that had raised money without a guarantee might be more entitled to consideration than any other portion of the public.

10242. Then if their price was 40 per cent. below par, as an honourable Member has suggested, and we gave them par, we gave them 400,000 *l.* more than the market price of their stock?—If we did give that price; I forget what it was.

10243. Sir *Stafford Northcote.*] With regard to this company, it was one that was established with a view to carry out a very desirable object by means of private capital, was it not?—It was.

10244. It was established at a time when a great deal of dissatisfaction had been expressed with the system of Government guarantees, and when it was the opinion of many persons in England and of some in India, that British capital might be profitably employed in India upon public works without any guarantee?—It was.

10245. And a capital of a million was raised for the purpose of carrying out works which were confessedly of great importance to India?—It was.

10246. At

10246. At the time of the Orissa famine, was it not the case that a great deal of attention was directed to the fact that the irrigation of Orissa had been very imperfectly executed?—That was a fact notorious before; but, of course, it was brought out into greater relief then.

10247. Was it not also brought out that this company, for the purpose of providing work for the starving people, and of pressing forward of these works, had expended considerable sums of money in works that were really in the nature of relief works, which they would not have executed with a view simply to the profit of the company?—That is not quite consistent with my recollection. My impression rather is this, that the Government of India, seeing that their works would provide occupation for the starving population, advanced them money which they might so lay out, but still in works which they would not have carried out if they had not been conducive to their own ultimate object.

10248. Yes, you are quite right; I had forgotten the circumstances; but in point of fact money was then laid out in the extension of their works which they were not in a position to have expended themselves?—Certainly; they had applied to the Government for advances, and they got them to a certain extent on this account.

10249. Do you remember what sum it was?—I cannot recollect; 100,000 *l.* or 200,000 *l.* I should think.

10250. Was it not a part of their contention that the expenditure of that money committed them to further works which ought, in order to make them remunerative, to be completed, but which they had not the means to complete?—I think it was a part of their contention; but we merely regarded that as a sort of lawyer's argument.

10251. Was it not also a part of their contention, and a much more important part, that the whole of their system required a much larger amount of outlay than they were able to afford, and that in order to make their system really remunerative they ought to expend a much larger amount than they had hitherto been able to expend?—Those were the facts, but they were facts for the consideration of their own shareholders; I do not think that upon these facts they would have been justified in making any appeal to Government.

10252. I am asking what their contention was; was not their contention that it was of importance for the completion of works which were admitted to be beneficial to India that a further sum should be expended, which sum they said they had not the means of raising without the assistance of the Government in the form of a guarantee?—Those facts were quite notorious. If they had brought them forward they would have brought them forward to base upon them an application for the guarantee.

10253. As a matter of fact did they not do so?—They did, and that must have been part of the argument.

10254. Perhaps you have not refreshed your memory recently with all the details?—I have not. I recollect that they did apply for a guarantee, but as it was not entertained I did not pay much attention to the grounds on which it was based.

10255. Perhaps it would be more satisfactory that before we discuss the question you should refresh your memory as to the details, and then we can discuss it in full?—Yes, if there is anything to be gained by going into it.

10256. For instance, with regard to this Behar scheme, they had obtained the exclusive right to carry a system of irrigation works through a portion of Behar, had they not?—They had, but they had not the means of raising one penny to carry out the undertaking.

10257. But was it not of importance for the Government of India, after the warning of the famine, that irrigation works should be proceeded with, and that rapidly?—Yes, certainly, but not by private individuals.

10258. Then if it was important that those works should be proceeded with, they must either be proceeded with by the Government or by private individuals, must they not?—By one or the other.

10259. It appeared that, with regard to the Behar district, this company were not in a position to continue the works by private enterprise unless they got a guarantee; was not that so?—Quite so.

10260. And, on the other hand, the Government were not able to undertake it, because the company had possession of the field?—Yes.

10261. Therefore, if the matter had been left to stand over until the company broke down, the works might have been indefinitely postponed, might they not?—For a considerable period they might have been.

10262. Was it not the contention of the company that they were able to pay a certain dividend upon the capital that they had actually embarked, and that they believed that they should go on and continue to make a profit out of what they had done, but that they were not in a position to expend any more?—I do not think that they ever pretended that they were making profits which would enable them to pay dividends on the outlay which had already taken place.

10263. Did they not contend that they were in a position to lie on their oars if they were not required to go further?—I think they did say so, but I do not think that anybody believed them.

10264. This took place at the time that I was the Secretary of State, did it not?—Yes.

10265. And I was responsible for the arrangement that was come to?—Yes.

10266. Do you remember that it was made a subject of discussion in Parliament?—I had forgotten that.

10267. Mr. *Fawcett.*] Is this estimate that you have given, which I believe you say is on an official report, that the Orissa works are likely to yield 10 or 12 per cent., based on anything like accurate details?—It is based on an exceedingly elaborate and careful report.

10268. In that do they include, for instance, as an addition to their capital accounts, the number of years during which there has been no return whatever to the 1,000,000 *l.* which the Government paid?—I daresay they have not, but I will not be sure.

10269. Do they reckon 10 or 12 per cent. on the additional amount which the Government has spent in that way?—I think that in all probability, in counting the outlay they have not added the accruing interest.

10270. That would very much diminish it?—On second thoughts it would not, because if you recollect, with reference to the Orissa Company,

Mr. W. T. Thornton.

14 July 1871.

the Government simply paid the Orissa Company a certain sum down, and therefore the arrears of interest would only be for the period succeeding that payment, namely, a year or two.

10271. Have we been correctly informed, that a portion of the Orissa irrigation works have already been opened, and may we take it that the returns yielded on the portions opened may be considered a fair sample of what the returns will be for the whole work, and also that this portion that has been opened scarcely pays its working expenses?—I am not sure, but I do not myself think that it would be correct to say that the portions which are now opened do not pay a fair interest upon the sum expended in their creation; one cannot answer these questions offhand, but I am quite certain that it is not correct to say of the greater number of portions opened that they do not pay their working expenses. My impression is that they pay a good deal more than their working expenses, but the recent receipts are no suitable data at all on which to form an estimate for the future; that is clear enough. As soon as irrigation works are opened, the ryots do not begin to take water, particularly in a territory like that where they have had very little experience of irrigation. It takes a great number of years to teach them the value of it, and the extent of land under irrigation increases every year.

10272. There is a question which I want to put to you connected with railways; supposing that there came a heavy flood and destroyed the bridges on a particular railway, and a couple of millions was required to repair them, and supposing that the revenues of the company were not adequate to provide that money, new capital would have to be raised, would it not?—New capital would not have to be raised if the general rules were followed; in such a case as that, the new bridges which would have to be made would be regarded as repairs, and if the ordinary rules were adhered to then the whole expense, whatever it might be, would have to come out of revenue. But if such an extraordinary catastrophe as that took place, it might be a question whether the ordinary rules should be adhered to, and it is perfectly possible that the Secretary of State, in a case of that kind, might allow the expense of these restorations to be charged to capital; but if he did so it would be an exceptional arrangement on his part, it would be a departure from the ordinary prescribed course.

10273. Then if all repairs come out of revenue, repairs are really paid for by the Indian Government, because owing to the fact of repairs having been paid for out of revenue, the Indian Government has to pay so much more to make up the guarantee?—If the revenue were not sufficient.

10274. But it is not sufficient, is it?—In certain cases it is; there are one or two that do pay a surplus revenue. The East Indian, for example, pays a surplus revenue, and the Great Indian has once or twice paid a surplus revenue.

10275. But in all cases where the receipts are not sufficient to pay the guarantee, you may say that not only the Government gives a guarantee of whatever the amount may be, but that it also undertakes to pay for the repairs?—It depends upon the railway: I speak a little under correction, and perhaps the honourable Member for the City of London will kindly set me right if I make a mistake; but according to the rule which was in force until lately with regard to all railways, any amount of guaranteed interest which was not paid by the earnings of the railway for that year would be set down to an account to be paid hereafter, whenever the railway should have a surplus revenue, and that is what would be done in this particular case. Supposing that a large sum had to be taken out of revenue to pay for repairs, and that the earnings of the year were in consequence not sufficient to pay the guaranteed interest, then whatever deficiency remained unpaid would be set down to an account of arrears of interest, which would be paid whenever (if that time ever came) the railway regularly earned a surplus revenue.

10276. But until that time does come, it is correct to put it as I put it, that the Government gives a guarantee of 4½ or 5 per cent. and pays the repairs also, is it not?—I think it is rather a complicated way of saying it. I think that you had better put it in this way: that the Government guarantees 5 per cent., and takes as much as the railway can give it in repayment of that 5 per cent. Of course, if the working expenses are very heavy, and if the repairs are very heavy, then the railway is able to repay less during that time; but what the Government really does pay, really does lose for the time being, is the difference between the 5 per cent. guaranteed interest which it pays and the amount of net revenue which the railway yields, and which of course is less when the working expenses are high, and when there are extraordinary expenses for repair.

10277. *Chairman.*] The honourable Member means that if the railway came to an end, and instead of earning anything, created that charge by this operation for repairs, such a deficit would be a charge upon the revenues of India of, say 5 per cent., with that special charge added to it in respect of that particular railway for that particular year?—It depends a great deal whether this increased charge is occasioned by repairs, or by working expenses.

10278. Whatever it is, if, after receiving all the income of the railway, the Government finds that it has to pay more than that income in respect of that railway for that year, then the Government for that year has to pay not only 5 per cent., but the amount of the deficit also?—Well, it is not under any absolute obligation to do that. As I mentioned in the case of the Calcutta and South Eastern, the Government of India is only bound to pay the 5 per cent. guaranteed interest, and if the railway does not pay its working expenses, the Government can insist, if it thinks proper, that the excess of working expenses shall be paid out of the guaranteed interest.

10279. That is the right of the Government, provided it exercises it?—Yes.

10280. And, thereupon, the railway company, as I understand, has the right of surrendering its line, and all its property to the Government, and then the Government has to make the best of it for the people of India?—Yes.

10281. Mr. *Fawcett.*] But I understand that in this year, 1869–70, four millions of additional capital has been raised by these railway companies, and that represents an amount not supplied by revenue, but represents additional capital?—Yes; but then this capital has been raised for construction purposes; either the railway has not been finished, or it has been making an extension, or something of that kind.

10282. But

10282. But I understood from a previous witness that a portion of this 4,000,000 *l.* represented money paid for new rails and things like that; the ordinary current expenses of a railway?—I can explain the thing more clearly if I give one little illustration. Now, let us suppose that the rails which cost any amount a ton, say 5 *l.* a ton, had been worn out, and that these rails should be replaced by rails of the same character; if they were not in any sense improved, if they were simply placed there in restoration of the worn-out rails, then those rails would be paid for out of revenue, and would not be paid for out of capital.

10283. *Chairman.*] If any works were done in addition to that which tended to enlarge the railway, and make it available for other and new traffic, then that would be an expenditure out of capital?—Yes, in this sort of way: supposing that you were to make a station which had cost 10,000 *l.*, and you found it not big enough, and you were to pull it down and build another which cost 20,000 *l.*, you would charge 10,000 *l.* to capital.

10284. Mr. *Crawford.*] The principles on which that was determined were settled between Lord Halifax and the railway companies, and are reduced to writing?—Yes.

10285. Mr. *Fawcett.*] But putting the case which you suppose, of the station being pulled down and rebuilt on a larger scale, the additional money spent upon which you say would be put down as capital, would or would not the Government guarantee apply to that additional capital?—To any amount whatsoever, which comes out of capital directly, the Government guarantee applies.

10286. I will put a case to illustrate my point: what I wish to show is this; that the Government does really pay for the repairs of the line; suppose that the revenues of the company are 300,000 *l.* a year; the Government guarantee on that railway is 150,000 *l.* a year; its mere working expenses are 200,000 *l.* a year, for one particular year, we will say; that would leave the net receipts of the railway 100,000 *l.*, and the Government would have to supply 50,000 *l.*: suppose that next year it is discovered that a bridge is bad, and that the railway has to pay 50,000 *l.*, the takings of the railway remaining in the same position as before: in consequence of their having to pay 50,000 *l.*, the position of the company would be this: receipts, 300,000 *l.*; working expenses, 200,000 *l.*; spent upon the bridges, 50,000 *l.*; leaving the net amount of only 50,000 *l.*, and the Government, instead of having to pay 50,000 *l.* to make up the guarantee, it would have to pay 100,000 *l.*; and the difference between those two represents the amount of the cost of repairing the bridges: therefore, they really pay for the repair of the bridge, do they not?—If the transaction closed in that year, I think you would be right; but then you forget that the Government have a lien upon the company for this expense; it is added to the debt which the company owe to the Government, and which they are to pay if they are ever able to pay.

10287. But my statement is perfectly correct, and remains correct until that day arrives when the company will be able to pay the guarantee?—Yes; and it is a diminution of the amount which is paid back to the Government.

10288. But it may never be paid?—Then of course it is a dead loss.

10289. *Chairman.*] As regards the administration of the railway, does not the Government receive into its treasury the whole income of the railway company, and pay out of its treasury all the disbursements on account of the railway company?—In the first instance it receives the whole.

10290. And the balance, whatever it may be, remains to the credit of the Government to be applied by them in diminution of the guaranteed interest that they pay?—Of the year.

10291. Therefore in one sense the Government pay everything; in another sense they suffer the loss rather of the deficit?—Yes, undoubtedly.

10292. Mr. *Birley.*] But the railway company receives a share of any surplus earnings?—Yes, where there are any.

10293. When it earns a revenue of more than 5 per cent. the railway company receives a share of the surplus?—Yes, half.

10294. Sir *D. Wedderburn.*] You say that there is an account kept of these charges that are thrown upon the Government by special repairs; would the Government obtain credit for them in the event of a railway company surrendering their property to the Government, as they have, I believe, the power of doing?—In such a case as that, the Government would have to accept these as bad debts, and pay to the company the net amount of their capital; the capital that they had expended on the railway.

Mr. Thomas Lawrence Seccombe, c.b., re-called; and further Examined.

10295. *Chairman.*] You have not yet explained to the Committee the item of receipt "from Her Majesty's Treasury, and other public departments," 1,470,631 *l.* at page 2 in the Home Accounts for 1869–70; will you be good enough to go through the principal items of that amount?—The first item included in that sum is 41,326 *l.* received from the Crown agents for the Colonies in repayment of advances made in India on account of the emigration of coolies: In order to enable the emigration agents to meet their disbursements in India, which comprise certain payments per head on the coolies embarked, the salaries of agents, and other miscellaneous payments, as well as a portion of the remittances made by the emigrants to their families, the Government of India make advances to the agents, taking their bills which are forwarded to the Secretary of State for recovery. The sums so recovered amounted in the year 1869–70 to 41,326 *l.*

10296. For emigration, where?—To the West Indies and to Natal.

10297. Is not that emigration regulated by local Acts?—Yes, by several Acts.

10298. What is the next item?—The next item is 5,622 *l.* received in repayment of the expenses of Madras troops employed at Labuan. There was some time back a larger force at Labuan of Madras troops than in the year in question; in 1869 two companies only of one Madras regiment remained there, but the force is now entirely withdrawn.

Mr. T. L. Seccombe.

14 July 1871.

10299. And this payment includes the expenses of keeping the force there?—Yes, that was the payment made in the year in question.

10300. The next item is what?—The next item is 12,166 *l.* in repayment of pensions paid in India to out-pensioners of Chelsea Hospital; the payments are made to the pensioners there, and the amount is recovered in this country from the War Office.

10301. What is your next item?—The next item is 57,391 *l.* in repayment of supplies to Her Majesty's ships on the East India Station. They are supplies made to the commanders and paymasters of Her Majesty's ships to meet the pay of officers and crews, purchase of stores, provisions, &c., and for contingencies. The bills are drawn upon the Accountant General of the Navy, and the recoveries amounted in 1869–70 to the sum of 57,391 *l.*

10302. The Government acting merely as agents?—Merely as agents; these are all remittance transactions.

10303. The last item consists of what?—The last item is the sum received in 1869–70 in part repayment of the disbursements made in India, on account of the Abyssinian Expedition; it amounted to 1,354,123 *l.*

10304. Does that close the account?—No, the account is not entirely closed; we are still recovering small sums. I think after this, there is no very serious item.

10305. Then with regard to the principle of exchange, on what principle do you adjust the rate of exchange between the Treasury in India, and the British Government?—In the autumn of every year we propose to the Lords of the Treasury that a certain rate of exchange shall be adopted for the ensuing year; that rate of exchange is calculated with reference to the cost of placing a rupee in India, and of a remittance to England by bills purchased in India, taking the mean of the two operations.

10306. Do you enter in the accounts the assumed profit or loss on that exchange with reference to any other standard of exchange?—We do not; it is entered in the Indian accounts only.

10307. Mr. *Beckett Denison.*] But for a long time (I will not say now) all these accounts were adjusted at par, were they not; that is to say, at 2 *s.*?—For many years.

10308. Whilst you were paying something very much more for your remittances?—Yes, the exchange stood at 2 *s.* frequently when we did not get 2 *s.* for our bills on India.

10309. Then to that extent it became an unfair charge upon the revenues of India?—Hardly so, because although in the accounts we use the rate of 2 *s.*, the rupee has not of late years been worth so much.

10310. *Chairman.*] But if you paid a rupee in Bombay and the Government of England paid 2 *s.* here to you, were you not the gainers?—When we have received 2 *s.* here we have obtained a very favourable rate; we have got more than the real value of a rupee.

10311. Will you proceed to the next item?—The next item is a receipt from the agents of the Madras Medical Fund, 180 *l.*, merely the balance in their hands.

10312. What is the "Miscellaneous" item, 96,458 *l.*?—Before giving the particulars of that sum I wish to explain that when we had the 2 *s.* rate, it was arrived at in the same manner as the lower rate which we have at present; it was the mean between the two operations of sending silver to Calcutta and buying a bill there to remit home.

10313. It had been originally arrived at upon a consideration of those facts, but it was not annually re-adjusted?—It was fixed year by year, although for many years it prevailed at 2 *s.* The miscellaneous receipt of 96,458 *l.* comprised a great number of items, some of which had been debited to Captain Willoughby, agent in Egypt, for adjustment at Bombay in connection with the accounts of the Abyssinian Expedition, and of the Overland Troop Transport Service. It was subsequently determined that the expenditure should be adjusted in England, and consequently the credit is given here, and the payments have been included among the home charges. The head of Miscellaneous includes also a repayment by the Imperial Government on account of Mr. Rassam's Mission to Abyssinia, from September 1867 to June 1868, amounting to 6,263 *l.* 10 *s.* 2 *d.*; the realisations of portions of estates under the charge of the Administrator General, 4,036 *l.*; repayment of deposits in Regimental Savings Banks issued in India, 3,869 *l.*; recovery from the securities of three paymasters who were defaulters, 3,693 *l.*; retrenchments from officers, 2,922 *l.*; and a number of minor items.

10314. Then the next item on the account would appear to be 4,783,553 *l.* for "Indian Railway and other guaranteed companies"?—That sum comprises the gross amount deposited in the Home Treasury by those companies. They withdrew certain sums, which are shown on the other side of the account, but that was the total of their deposits in the year 1869–70.

10315. Are all the companies named in this list, the Bombay, Baroda, and Central India Railway Company, Eastern Bengal Railway Company, East Indian Railway Company, Great Indian Peninsula Railway Company, Great Southern of India Railway Company, Madras Railway Company, Scinde Railway Company (including Indus Flotilla and Punjab and Delhi Railways), Oude and Rohilkund Railway Company, and Carnatic Railway Company, carrying on their operations under contracts with the Secretary of State for India in Council?—They are.

10316. And are those contracts all on the same footing, that they are to pay all their capital into the Treasury of the Secretary of State for India in Council?—Yes.

10317. And that out of that they are to draw the sums that are necessary for paying for the construction of the railways?—For purchase of rails and materials here, and for establishment charges.

10318. And also out of that, you have to place in India under those contracts the sums that it is necessary for them to disburse in India for their works there?—Quite so.

10319. These several sums, making the total which I have mentioned, represent the deposits made by all these railway companies within the year to the Treasury in London?—They do.

10320. I think that accounts of those deposits have for the most part been laid on the Table of the House of Commons?—I believe that the contracts entered into prior to April 1859 were laid before the House of Commons, but not those made subsequently.

10321. Mr. *Faucett.*] That 4,000,000 *l.*, then, represents

represents so much added to the capital of these railways?—It does.

10322. Then 5 per cent. is guaranteed upon that 4,000,000 *l.*, I suppose?—On the larger proportion of it 5 per cent. is guaranteed.

10323. So that this sum, which is put down each year in the Accounts under the head of receipts of the Home Treasury, of the Government Treasury, represents really an additional liability and charge thrown upon the people of India?—There is no doubt that there is a charge for guaranteed interest upon the whole amount; but this which we are dealing with now is the cash account of the Secretary of State.

10324. That is not my point. What I say is this: the mere fact that this item appears in the receipts shows that the capital account of these railways is increasing, and that the returns are not sufficient to pay the amount which the Government have guaranteed; it represents that the loss to the people of India by these railways will be increased?—I could not undertake to say that. There is no doubt that the Government has to pay the guaranteed interest upon this amount; but the question whether those railways are profitable or otherwise does not enter into this part of the account at all.

10325. Then what I come to is this; does this item which is put down as a receipt really mean that the amount which the Government have guaranteed is increased by 200,000 *l.*?—Yes.

10326. Mr. *Crawford.*] It represents the reproductive capital?—The capital to be employed.

10327. *Chairman.*] Provided that the railways produce an income equal to the amount?—Yes.

10328. And if they do not, the difference between the guaranteed interest and that will become a charge on the revenues?—It will increase the charge for guaranteed interest.

10329. Mr. *Fawcett.*] You said, in reply to the honourable Member for the City, that this 4,000,000 *l.* represents a reproductive capital. How can you say that it represents a reproductive capital, when, as a general rule, the amount that has been spent on the railways in India represent a very heavy annual loss to the Indian Government?—I think that it is not necessary for me to show that it produces 5 per cent. to prove that it is reproductive. It is reproductive to a certain extent; in some years it may be 4 per cent., in other years more or less.

10330. But do you think, considering that the Government has guaranteed 5 per cent., and that the fact of their guaranteeing 5 per cent., has caused them a loss of a million and a half a year, you are justified in employing the general word "reproductive"?—Yes; I think that the railways are certainly reproductive, though it may not be to the amount of the interest guaranteed.

10331. *Chairman.*] You use the word "reproductive" in contradistinction to expenditure, which is not designed to produce anything; such as the expenditure on a fortification?—I do.

10332. Mr. *B. Denison.*] Can you say how the exchange is now regulated with the railway companies?—I can give the rates of exchange generally. If very precise information be required in regard to the contracts with the railway companies, I would submit that the secretary of that department should give the information; but generally in regard to the Bombay, Baroda and Central India Railway Company, the Eastern Bengal, the East Indian, the Great Indian Peninsula, the Great Southern of India, the Madras Railway, and the Scinde Railway Companies, I believe the transactions are adjusted at the rates of 1 *s.* 10 *d.* the rupee, and those of the Oude and Rohilkund, as well as the Carnatic, at 2 *s.* the rupee.

10333. Under their terms of contract?—Yes.

10334. It does not vary with each year?—No.

10335. I suppose that there would be no objection to placing before us a statement, showing in a condensed form the profit and loss on the exchange from the beginning, with the railway companies capitals?—No.

10336. Mr. *Fawcett.*] Does this 4,000,000 *l.*, which is put down under the head of receipts from the railway companies, represent the whole additional amount of capital on which from year to year the Government give a guarantee in regard to railways?—The whole amount received in the year under consideration, namely, 1869-70.

10337. All the new capital on which the guarantees, say 5 per cent., applies, must have been paid in to the India Home Government?—No; it is open to proprietors to pay in India, but very small sums only have been paid there.

10338. But is all the additional capital, for instance, which is required for the repair of bridges and the renewal of works, paid into the Indian Home Government, and is a guarantee of interest given upon that, 4½ per cent., or whatever the guarantee is?—Yes; the whole amount added to the capital of the several railways must be paid into the Government Treasury, and they withdraw such portions as they require.

10339. Mr. *Crawford.*] The repairs of bridges and the renewal of works are paid out of revenue, are they not, not out of capital?—Certainly.

10340. Therefore, the money is supplied out of the earnings of the railway in India?—Yes.

10341. Sir *D. Wedderburn.*] You said that you would be able to inform me how the expenses connected with the solar eclipse were apportioned; can you do so now?—They were apportioned equally between the Imperial and the Home Governments both with regard to the expenditure in India and with regard to that in England.

10342. I see in these Accounts a variety of items which are apportioned between the Imperial Exchequer and the Indian, and I should like to know whether there is any general principle on which those apportionments are made; is any general principle adopted?—There is no general principle laid down; the charge would be adjusted according to the agreement entered into in each case as it arises. In regard to the solar eclipse, the expenditure in this country was 1,083 *l.*; the expenditure in India 1,835 *l.*, amounting together to 2,918 *l.*; and the Treasury paid a moiety.

10343. On the ground that it was for the benefit of India as well as for the benefit of the empire in general that these observations were made?—Yes.

10344. Mr. *Grant Duff.*] You put in a Paper, do you not, with a comparative view of the Indian and Imperial Estimates?—Yes. (*The Paper was handed in,* vide *Appendix.*)

LIST OF APPENDIX.

Appendix, No. 1.

PAGE.

Petition of Members of the Bombay Association and other Native Inhabitants of the Bombay Presidency in British India - - - - - - - - - - - - - 509

Appendix, No. 2.

Papers relating to Opium - - - - - - - - - - - - - - 519

Appendix, No. 3.

Abstract of the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Act of Parliament 24 & 25 Vict. c. 67.—(6th March 1869) - - - - - - - - - - - 527

Statement of Estimated Cash Balances in the Indian Treasuries on the 31st March 1870 541

General Budget Estimate of India, for the Year 1869–70.—General Abstract of the Revenues and Receipts, and of the Expenditure of India, for the Year from 1st April 1869 to 31st March 1870 - - - - - - - - - - - - 542

Budget Estimate of Expenditure in England and in India for 1869–70 - - - 544

Abstract of the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Act of Parliament 24 & 25 Vict. c. 67.—(2nd April 1870) - - - - - - - - - - 545

Budget Statement.—England and India - - - - - - - - - - 574

Budget Statement.—India - - - - - - - - - - - - 576

Budget Statement.—England - - - - - - - - - - - - 578

Receipts and Payments in England and India during the Year 1868–69 - - - 579

Estimated Receipts and Payments in England and India during the Year 1869–70 - 580

Estimated Receipts and Payments in England and India during the Year 1870–71 - 581

Abstract of the Proceedings of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Act of Parliament, 24 & 25 Vict. c. 67.—(9th March 1871) - - - - - - - - - - 582

England and India.—Budget Estimate, 1871–72 - - - - - - - - - 602

India.—Budget Estimate, 1871–72 - - - - - - - - - - - 604

England.—Budget Estimate, 1871–72 - - - - - - - - - - - 606

Receipts and Disbursements in England and India during the Year 1869–70 - - 607

Estimated Receipts and Disbursements in England and India during the Year 1870–71 608

Estimated Receipts and Disbursements in England and India during the Year 1871–72 609

(A.)—Statement of Special Loans to Municipalities, &c., during 1869–70 - - - 610

(B.)—Sinking Funds for Redemption of Loans during 1869–70 - - - - - - 611

Account of Money raised on Loan in 1869–70 for Reproductive Works, and of Extraordinary Expenditure - - - - - - - - - - - - - - 611

Account of Money raised on Loan in 1870–71 for Reproductive Works and of Extraordinary Expenditure - - - - - - - - - - - - - 612

Appendix, No. 4.

Paper furnished by Sir H. Bartle Edward Frere, and referred to in his Evidence, 28 March 1871 (Question 448):

Memorandum on Prices in Western India - - - - - - - - - - - 613

Statement showing the Prices of certain Necessaries of Life in Four Chief Towns of the Bombay Presidency, during the Years A.D. 1824 to 1863 - - - - - 617

Appendix, No. 5.

Paper furnished by Mr. C. B. Phillimore:

East India.—Digest of the last Annual Forest Reports from each Government, with a Summary of the whole in a Tabulated Form, by Charles B. Phillimore, called for by the Chairman of the Committee on Indian Finance; together with Statements as to the results of Forest Administration, and the sources from which the Revenue is derived; in order to satisfy Questions Nos. 2222 to 2228, put by the Committee of the House of Commons on Indian Finance, 25th April 1871 - - - - - - 627

Appendix, No. 6.

PAGE.

Papers handed in by Mr. Cleghorn, M.D., and referred to in his Evidence, 28 April 1871:
List of European Forest Officers (Question 2680) - - - - - - - - - 681
Statement and Report of the Teak Plantations of Malabar (Question 2743) - - - 682
Public Works Department Proceedings, September 1869:
Captain Seaton's Report on the Teak Plantations of Nellumboor, in Madras - - 683
Observations on the above - - - - - - - - - - - - - 689

Appendix, No. 7.

Papers furnished to the Committee by Sir Thomas Pycroft, and referred to in his Evidence, 9 May 1871:
Statement showing the Quantities of Salt Sold for Home and Inland Consumption in the Madras Presidency, with the Price per Indian Maund in each of the undermentioned Years - - - - - - - - - - - - - - 691
Return exhibiting the Gross Area, Area Cultivated, Culturable and Unculturable, the Area Assessed, with the Amount of Assessment, and the Rate per Acre on Cultivation, &c., &c., for each Presidency or Province of British India, in 1868-69, so far as it can be ascertained from available Sources - - - - - - - - 692

Appendix, No. 8.

Papers handed in by Sir H. Bartle Edward Frere, K.C.B., 22nd May 1871:
Act No. XIII. of 1871.—An Act to Consolidate and Amend the Law relating to Customs Duties - - - - - - - - - - - - - - - 693
Act No. XIV. of 1871.—An Act for the further Amendment of the Consolidated Customs Act - - - - - - - - - - - - - - - 705
Revenues and Receipts.—Customs, exclusive of Salt, 1869-70 - - - - - - 706

Appendix, No. 9.

Paper furnished by Mr. E. F. Harrison:
Statement referred to in Question 6175 - - - - - - - - - - - 707
Produce of 1,000 ounces of Standard Gold in mohurs of 180 grains - - - 707
Proceeds of 1,000 Ounces of Standard Gold if sold at 16⅝ rupees per sicca weight of 23 carats fine, being the latest Calcutta quotation for Australian Gold - - 707

Appendix, No. 10.

Papers furnished by Major Bateman Champain, R.E.:
Statement called for in Question 8321 - - - - - - - - - - 708
Statement referring to Question 8365 - - - - - - - - - - - 708

Appendix, No. 11.

Papers furnished by Mr. T. L. Seccombe, C.B., and referred to in his Evidence, 4th and 14th July 1871:
Differences between the Results shown in the Budget Estimates and Accounts of the United Kingdom and India respectively, in each Year from 1860-61 to 1869-70 - 709
Statement showing the Amount obtained by the Secretary of State for India in Council for Bills on India, and the Maximum, Minimum, and Average Rate of Exchange per Rupee, in each Year from 1861-62 to 1870-71 - - - - - - - - - 710
Statement of the Cash Balance of the Secretary of State for India in Council at the Bank of England; and of the Amount on Loan to Banks and Firms on Security of Government Stock, &c., on each Monday evening during the last Official Year 1870-71 - - - - - - - - - - - - - - - 710

Appendix, No. 12.

Papers handed in by Mr. James Geddes, and referred to in his Evidence:
I.—Memoranda concerning Famines of former times and Famines of later times. (Question 9755) - - - - - - - - - - - - - - - 711
II.—Extracts from Official Minutes illustrative of the Native Opinion on the growing hardship of Life under and because of British Rule—(A to F). (Question 9755) - 716
III.—Extract from the India Office Statistical Abstract, Fourth Number, 1870 (Question 9969):
Table No. 49.—Expenditure by Government on account of Public Works on British India, according to the following Classification, for each of the undermentioned Years, exclusive of State Outlay on Guaranteed Works - - - 722

Appendix, No. 13.

PAGE.

Papers handed in by Mr. W. T. Thornton, and referred to in his Evidence, 14th July 1871:

No. 1.—Memorandum by Lieutenant Colonel F. H. Rundall, R.E., Chief Engineer, Bengal, Irrigation Department, accompanying the submission of the Plans and Estimates of the various Works comprising the Orissa Project, as designed and executed by the East India Irrigation Company - - - - - - - - - 723

No. 2.—Particulars regarding the East India Irrigation and Canal Company - - - 745

Appendix, No. 14.

Papers furnished by Mr. T. L. Seccombe. C.B.:

Statement showing the Proportion of the Registered Debt of India, as held by Europeans and Natives respectively, prepared on the basis of the Interest paid on each Loan at all the Treasuries throughout India, during the Half-years ending 31st December 1868, 31st December 1869, and 31st December 1870, as shown in the Statements furnished by the Bank of Bengal - - - - - - - - - - 746

Statement of the Amount of the Indian Government Rupee Promissory Note and Debenture Loans, held in England by Europeans and Natives of India respectively, on the 31st December 1868, the 31st December 1869, and the 31st December 1870 - 746

Statement of India 5 per Cent. Stock, India 4 per Cent. Stock, and Debt of the India 4 per Cent. Transfer Loan, standing in the Names of Europeans and Natives of India respectively, on the 31st December 1868, the 31st December 1869, and the 31st December 1870, in the Books of the Governor and Company of the Bank of England, and in the Books of the Bank of Ireland - - - - - - - - 747

Appendix, No. 15.

Statement of the Estimated and Actual Revenue from Opium, in each Year, from 1860–61 to 1869–70, inclusive - - - - - - - - - - - - - - - - 748

Appendix, No. 16.

Papers handed in by Sir James Elphinstone, M.P., 4th July 1871:

Memorandum of Articles composing a Soldier's Ration per Day; and, Statement of the Average Cost of European Rations, from 1857 to 1869, inclusive - - - - - - 749

Statement of the Average Cost of Rations per Man per Month in the Presidency of Madras. - - - - - - - - - - - - - - - - - - 749

Statement of the Cost of Coffee, Chenna, and Paddy Straw, Pounds, per Rupee, from 1860 to 1869 - - - - - - - - - - - - - - - 750

Statement of the Cost of Bread, Beef, and Mutton, Pounds, per Rupee, from 1860 to 1869 - - - - - - - - - - - - - - - - - - 750

Statement of the Cost of Vegetables, Rice, and Sugar, Pounds, per Rupee, from 1860 to 1869 - - - - - - - - - - - - - - - - - 752

Statement of the Cost of Salt, Firewood, and Potatoes, Pounds, per Rupee, from 1860 to 1869 - - - - - - - - - - - - - - - - - 752

APPENDIX

Appendix, No. 1.

PETITION of Members of the Bombay Association and other Native Inhabitants of the Bombay Presidency in British India.

To the Honourable the Commons of Great Britain and Ireland in Parliament assembled:

The Humble Petition of the undersigned Members of the Bombay Association and other Native Inhabitants of the Bombay Presidency in British India,

Most Respectfully Showeth,

THAT your Petitioners, who are British subjects residing in Her Majesty's Indian territories, beg leave most respectfully to approach your Honourable House for the purpose of presenting to your Honourable House a statement of their grievances, and humbly, but earnestly, to solicit that such measures may be taken to redress the same, as your Honourable House may deem to be expedient.

2. That in the first place your Petitioners desire to express their gratitude for the numerous blessings and advantages which, in common with the generality of their countrymen, they have the good fortune to enjoy under the British rule. In making known their grievances, and beseeching Parliament to redress the same, your Petitioners are not actuated with any feeling of discontent with the rule to which Providence has entrusted the destinies of 150,000,000 of your Petitioners' countrymen and fellow-subjects. Whilst emphatically disclaiming any such feeling, your Petitioners beg to avail themselves of the inestimable privilege which they enjoy, as loyal subjects of the British Crown, of making known their just complaints to your Honourable House. In making this appeal your Petitioners are encouraged by the following assurance, contained in the Proclamation issued by Her Most Gracious Majesty the Queen to the people of India on Her Majesty's assumption of the direct sovereignty of Her Indian territories in the year 1858:

"It is our earnest desire to stimulate the peaceful industry of India, to promote works of public utility and improvement, and to administer its government for the benefit of all our subjects resident therein. In their prosperity will be our strength, in their contentment our security, and in their gratitude our best reward."

3. Your Petitioners would beg to invite the earnest attention of your Honourable House—

I. To the state of the finances, and the financial administration of British India.

II. To the disposal of the revenues of India by the authorities in England; and

III. To the adjustment of the financial relations subsisting between England and India, on a just and equitable footing.

I.—4. The affairs of the financial department of this country have of late years been conducted with such negligence and extravagance as to produce within the short period of four years ending in 1869-70, a deficit equal to 11,514,628 *l.* This large deficit has not been caused by a decline in any of the ordinary sources of revenue, nor by the occurrence of any extraordinary emergency, such as war or other calamity; but it has been produced, your Petitioners regret to say, by excessive expenditure and mismanagement. During the

Appendix, No. 1.

last 13 years the revenues of India have shown remarkable elasticity, and have increased from 33,000,000 *l.* to 52,000,000 *l.* sterling; but the public expenditure, instead of being kept within proper bounds, has been so much enhanced from year to year as not only to absorb the whole amount of increased revenue, 19,000,000 *l.*, but also to produce the large deficit which has involved the finances in a state of serious embarrassment. In order to supply the annual deficits which occur, and to restore an equilibrium, the Government of India has resorted to the expedient of increasing several of the existing taxes, and has imposed a most odious war-tax, in the shape of the income-tax, which was last year suddenly increased to 7½ *d.* in the pound. These extraordinary proceedings have produced universal discontent and dissatisfaction amongst all classes of Her Majesty's subjects throughout the whole extent of the British Indian territories. The aggregate burden of taxation has now become so heavy as to be almost intolerable. It has culminated in the levy of the income-tax, which your Petitioners consider to be most unjust and oppressive, and productive of extensive corruption, demoralisation, and extortion; a tax, moreover, which has been condemned by the highest authorities, including most of the finance ministers for India, and almost all the governors and official representatives of the Indian Presidencies and Provinces. Your Petitioners, in appealing to your Honourable House to be relieved as much as possible from the excessive taxation to which they have of late been subjected by the Government of India, sincerely trust that your Honourable House will express your disapprobation of the mode in which the financial administration of India has hitherto been carried on.

5. Your Petitioners proceed to draw the attention of your Honourable House to the following facts connected with this very important department of the State.

6. A comparison of the public expenditure in India in the year 1856–57, with the amount now disbursed, will show that in the short term of 13 years, there has been an increase under that head of more than 20,000,000 *l.* sterling. In almost every department of the State, the expenditure has increased from year to year. Your Petitioners more particularly refer to the Revenue, Public Works, Military, and "Home Departments," in which the increase has been excessive. Your Petitioners humbly submit that for such excessive increase in expenditure no valid reasons can be assigned.

7. Your Petitioners would also request the attention of your Honourable House to the fact that the embarrassments of the finances of India are attributable chiefly to the want of an efficient check to prevent the constant increase of expenditure and taxation in India, and to the absence of all control over the disbursements of the Indian Treasury made by Her Majesty's Secretary of State for India in Council. Your Petitioners therefore submit to your Honourable House the necessity of providing a proper safeguard against the recurrence of this great evil.

8. According to the present system of Government, the different classes of Her Majesty's Indian subjects have no effective voice in the imposition of taxes, the disposal of the revenue, and the enactment of laws. There is a sort of faint and nominal representation in the Supreme Council, which, however, only militates, in your Petitioners' opinion, against its usefulness as a representative council. Two natives, often not conversant with the English language, in which the proceedings of the Council are conducted, together with two non-official Europeans, selected from the mercantile class, are admitted to the Supreme Legislative Council of India. The former being usually selected from the class of feudatory native chieftains, and not being acquainted with the condition and wants of the generality of the people under the British rule, and possessing no direct interest in the important matters that come up for consideration before the Council, cannot be said to be fit and proper persons to represent the inhabitants of India. Moreover nearly all of these non-official members are unable to take even a nominal part in the deliberations of the Council during a great part of the year, when its sittings are held at the remote hill-station of Simla. The preponderating and influential majority of this assembly (besides the three official members) consists of eight members of the Executive Government, who frame the Budget, and formally introduce it into the Supreme Council. The small number of non-official members do not therefore possess any power to revise, reduce, or reject any of the items of ways and means and expenditure.

9. Your Petitioners therefore respectfully submit to your Honourable House the advisability of abolishing the present empty form, and substituting a scheme of effective representation in the Supreme Council, by re-organising and enlarging that body and admitting a sufficiently large number of representatives of the people. With this view your Petitioners venture to submit the following proposal for the consideration of your Honourable House:—

10. Subject to control on the part of Her Majesty's Secretary of State for India in Council, the Government of India might be allowed to continue to exercise the power it now possesses annually to fix and set apart the amount that may be found to be necessary for the diplomatic and military services of the Indian Empire. The imperial charges necessary for enabling the Supreme Government and Her Majesty's Secretary of State for India to carry out and maintain all imperial objects, such as the army, marine, post-office, electric telegraph, interest on the public debt, railway capital, and loans for public works extraordinary, &c., pensions, allowances, assignments, &c., should be accurately defined and provided for; and the contributions which each Presidency, lieutenant-governorship, and administration should be called upon to make to the Imperial Government, should be fixed in the Budget. After making this provision the residue of the revenues of each Presidency

and

and province should be left to its own management and disposal for the purposes of its administration, subject to the general control of the Supreme Government. To guard against any apprehension of fresh schemes of unnecessary taxation being devised by the provincial governments for local purposes, your Petitioners submit that it is desirable to impose a check upon the further increase of such burdens. With this view the local authorities should be restrained from the levy of fresh taxes, except with the previous sanction of the Government of India, on a representation of the necessity for such levy. The procedure in regard to the Budget should be assimilated, as much as possible, to the plan adopted respecting the Budget of the United Kingdom, on its introduction into your Honourable House. The Imperial Budget of India, with which the budgets of the local presidencies and administrations might be amalgamated, should be framed by the Finance Minister, published for general information, and brought forward annually, and every item of ways and means, and of the estimates, should be fully discussed by the members of the Supreme Council, with liberty to reject, revise, or pass the same by the votes of the majority. The same course should, your Petitioners submit, be adopted by each of the local governments in regard to local budgets to be introduced into the local legislative councils. With a view to enlarge their powers and increase their efficiency, it is necessary to re-organize and enlarge the local legislative councils also by the admission of a greater number of duly qualified non-official members, representing the interests of different classes of the local community. By adopting this plan, a salutary check will, your Petitioners conceive, be provided against the increase of expenditure and taxation, and an adequate voice will be given to the people in the imposition of taxes, the disposal of the public income, and the enactment of laws.

11. Your Petitioners regret to say that, owing to want of judicious management on the part of the functionary selected by Government to superintend the Financial Department and frame the annual budget for British India, your Petitioners have of late been subjected to unnecessary burdens of the most objectionable character. If the revenue had been properly estimated, there would have been no ground for apprehending the large deficit which an erroneous estimate had created, and there would have been no necessity for making an enhancement in the income tax to $3\frac{1}{8}$ per cent. last year. In the same way taxation was also enhanced during the year 1869–70, on the anticipation of a deficit of 625,594 *l.* which did not really occur, the year having resulted in a surplus of 118,668 *l.*

12. The state of the revenue this year being more favourable than was anticipated, has enabled the Government of India to give some relief to the public by reducing the income tax from $3\frac{1}{8}$ per cent. to 1 per cent., and exempting all incomes under 75 *l.*; but your Petitioners respectfully submit that the effect of that relief will be neutralised by the reduction that has been made in the amount allotted for the services of the several departments of the administration lately made over to the local Governments, entailing on them the necessity of imposing fresh taxes. Your Petitioners view with anxiety and alarm the consequences likely to result from the permission thus accorded by the Government of India to local Governments to raise additional funds by means of local taxation to supply the deficiency just referred to. As proof that substantial reasons exist for this apprehension, your Petitioners would respectfully call the attention of your Honourable House to the fact that the Government of Madras has just passed Acts for the levying of two local taxes throughout the whole extent of that large Presidency. In the North Western Provinces, the Punjab and Oude, plans have been matured for imposing additional taxes on the people residing in those territories, and projects of fresh taxation are under consideration for the Bengal and Bombay Presidencies.

13. Your Petitioners would also respectfully represent that it is a well-known fact that lavish, wasteful and enormous expenditure in the Public Works Department has contributed in no small degree to produce the deficits in the Financial Department of the State. Public buildings, constructed at a heavy and ruinous cost have crumbled and fallen to the ground, and public works of all kinds have been undertaken with an outlay of public money much greater than with proper management was requisite. Many magnificent palatial barracks have been constructed at an enormous cost in different parts of India, but in utter disregard of the wants and circumstances of the country, the peculiarities of its climate and other important considerations. The entire cost of these stupendous permanent edifices, amounting to upwards of five millions, has been defrayed out of the current revenues. Several of these works were so badly constructed as to necessitate their being pulled down or repaired and propped up, whilst many of them have proved complete failures, and have had to be abandoned as unfit for the purposes which they were intended to serve. The failure of the Public Works Department being undeniable, it is necessary, your Petitioners submit, to make a radical change in its organisation with a view to substitute a good, simple, and economical system with well-defined responsibility, in supersession of the present costly, cumbersome, and irresponsible agency, which has entailed such serious losses on the country.

14. Whilst respectfully insisting on the practice of rigid economy in the financial administration of India, it is far from your Petitioners' desire to advocate the adoption of a short-sighted policy, and to ask for any curtailment of a judicious and adequate outlay of public money for educational purposes, or for the construction of approved public works of a remunerative nature, which are necessary for developing the resources of the country and promoting the happiness of the people; but your Petitioners trust your Honourable House

Appendix, No. 1.

will disapprove of the practice of drawing from current revenue the whole amount of expenditure necessary for such public works, and thus throwing the entire burden on the present generation. Works for the benefit of future generations should, your Petitioners submit, be paid for out of terminable loans, so as to spread their cost over a number of years.

15. Although the imposition of the income tax has produced extreme dissatisfaction, and this obnoxious measure has, in its practical operation, been productive of very great annoyance, injustice, and oppression throughout the whole extent of Her Majesty's Indian territories; and, although this year has yielded the largest amount of revenue ever yet raised in British India, being 1½ million in excess of the estimate, yet your Petitioners are mortified to learn that the Government of India have resolved to retain this hateful tax though at a reduced rate, which is estimated to yield 600,000 *l.* To enable the Government to raise this paltry sum, a Bill for re-imposing the income tax has already been introduced into the Supreme Legislative Council. Instead of reserving this "mighty engine of finance" for an extraordinary emergency, the Government of India appear to have resolved to make it an ordinary and permanent source of revenue, a proceeding utterly at variance with recognised principles of a wise and economical administration of the finances.

16. Your Petitioners desire to draw the attention of your Honourable House to the fact that not a single native was present in the Supreme Legislative Council to represent 150 millions of Her Majesty's Indian subjects when the budget and the proposal to retain the income tax were discussed on the 17th instant, and that nearly all the official members appointed by Government to represent the different presidencies and provinces, and both the non-official European members, who represent the commercial interests of India, remonstrated against the impolicy of the proposed retention of the income tax, but in vain. The proposal was carried by the members of the Executive Government, who paid no attention to the protest urged against that objectionable measure.

17. In the Budget of 1871–72, just submitted to the Supreme Council, the Government urge the following excuse in favour of the retention of the income tax:—

"The one per cent. income tax which we retain is manifestly indispensable, inasmuch as "without it we should have to produce a budget with a deficit, which is an alternative not "to be adopted so long as any legitimate or reasonable resource may remain to us."

18. Your Petitioners submit to your Honourable House the undermentioned facts and circumstances, which, they trust, will be deemed sufficient to satisfy your Honourable House that the continued infliction of the obnoxious income tax is totally indefensible. The efforts of the Government of India have of late years been directed chiefly towards enhancing the existing imposts, and seeking new sources of taxation in this country. During the last 12 years, the salt tax has been raised 100 per cent. in Madras, 81 per cent. in Bombay, and 50 per cent. in other parts of India; the duty on sugar has been enhanced 100 per cent.; the abkaree or excise on spirits, 100 per cent., the stamp tax has been repeatedly revised and enhanced, and is now so complicated, vexatious, and excessive, as frequently to lead to a denial to justice;* customs duties have been increased several times; heavy court fees, and a succession tax of 2 per cent. have been recently imposed; a local land cess of 6¼ per cent.; village service cess at the same high rate; rural towns cess, taxes on trades and callings, house tax, tolls, and a considerable variety of municipal and local rates and taxes, amounting in the aggregate to an extremely large and oppressive sum, have been levied in different parts of the country.† It is now proposed to impose fresh local taxes to supply the deficiency caused by the conduct of the Government of India in curtailing the grant for several provincial services. Your Petitioners submit that over-taxation has, for many years of British rule, been the bane of India, and that strenuous endeavours have not been made by the authorities to reduce the public expenditure, which has been increased from year to year until the augmentation now amounts to the vast sum of 19 millions over and above the expenditure of 1856–57. Even during the two last years of extreme financial distress, no reductions have been made except in the Police Department, and a considerable curtailment of the expenditure on public works ordinary. On the contrary, the expenditure in the Land Revenue, Forest, Salt, Opium, Post Office, Telegraph, Ecclesiastical, and Administration Departments has been increased to the extent of more than two millions, and the retrenchment of half a million proposed by Government in the Army Estimates of last year, has not been carried out. In the course of the next year, it is proposed to make an additional retrenchment of more than one-third of a million in the grant for public works ordinary, and to make two insignificant reductions of 178,000*l.* in the enormous expenditure kept up in England (amounting to upwards of 12 millions per annum), and 316,000 *l.* in the huge military expenditure of India,‡ which absorbs more than

* The stamp revenue has been enhanced from 622,165 *l.* in 1857 to 2,441,508*l.* last year, being an increase of 400 per cent.

† In the Financial Statement made before the House of Lords on the 23rd July 1869, the present Secretary of State for India, the Duke of Argyll, declared that of the increase of 15 millions which had taken place in the revenues of India during the previous 10 years, "7,301,620 *l.* was due to sources of revenue on which there had been increased or new taxation."—(Hansard's Parliamentary Debates, vol. 198, p. 622.)

‡ The Budget for this year refers to considerable retrenchments in the Army Estimates, but they are neutralised by a considerable increase in several items, which reduces the net saving to the paltry amount above referred to.

than one-third of the entire revenues of the country. Thus, your Honourable House will perceive that even at a critical period like the present, no serious attempts have been made by Government to give adequate relief to the people of India by making extensive reductions in the excessive and ruinous public expenditure which is persistently kept up to the manifest injury of the interests of British India.

19. Your Petitioners venture to bring to the notice of your Honourable House the conduct of the Government of India, in connection with the enhancement in September 1869, of the heavy duty imposed on salt. Your Petitioners have no special objections to urge against this indirect tax, so long as it is kept within reasonable bounds; but your Petitioners respectfully remonstrate against the propriety of the fresh enhancement made in September 1869, of a tax which had before been repeatedly raised until it had already reached the highest limit, and beyond which it does not admit of being enhanced without injury to the vast majority of the people, who are so poor as to be unable to bear the present increased cost of that necessary of life, taking into consideration the high price of all the other necessaries of life. Thus the salt-tax now presses very heavily on the poor, and in a large majority of cases their means are so wretchedly limited as to prevent them from procuring more than half the quantity absolutely required for health. Your Honourable House will, on inquiry, your Petitioners believe, feel convinced that the present excessively heavy tax on salt checks its consumption; and that, independent of other considerations, the dictates of humanity alone ought to induce the Government to refrain from imposing on the mass of the people an enormous tax, amounting on an average to 1,000 per cent. on the cost of production. In confirmation of these views, your Petitioners would respectfully call the attention of your Honourable House to the following declaration made by the Right Honourable Mr. Massey, late Finance Minister of India, in the Budget for 1867-68:—

"It is no doubt true that an addition to the salt-tax, which would yield a considerable revenue, might be easily levied without any cost of collection; and it has been confidently asserted that such an addition would not be oppressive to the people, whose condition has been materially improved by the rise in the value of labour within the last few years. But the enhanced wages of labour have prevailed chiefly in the Presidency towns and the surrounding districts, and have not extended to the great mass of the population, upon whom the pressure of the salt-tax almost entirely falls. The custom and excise duties on salt amount to 5,500,000 *l.* sterling; and if you leave out the land revenue, which is not so much a tax as a rent, and the opium returns, which are not paid by the people of India in any form, nearly one-third of the revenue is drawn from the great mass of the labouring people, whose wages, on the whole, have not risen beyond the rise in the cost of the necessaries of life."

20. Your Petitioners would press on the attention of your Honourable House the military expenditure of India, forming "a gigantic item," which (to use the language of the Honourable George Campbell) "swallows up our revenues in a proportion far exceeding anything known in any other country in the world." This expenditure, which was less than 12,000,000 *l.* in 1856-57, amounted last year to 16,300,000 *l.*, a sum which is equal to one-third of the entire revenues of India. This is exclusive of a large amount spent on military works, such as the building and repair of barracks and military roads, which are included under the head of "Public Works," the cost of Army chaplains, which is included under "Ecclesiastical Establishment," and other charges, which together bring up the aggregate cost of the Indian Army to the vast sum of 18,000,000 *l.* sterling.*

21. Your Petitioners respectfully submit that no necessity exists for this heavy drain on the resources of the country; and they earnestly entreat your Honourable House to direct that immediate steps should be taken to make a considerable reduction in these enormous military charges. And in support of this prayer your Petitioners would beg leave to refer your Honourable House to the testimony of Sir C. Trevelyan, late Finance Minister for India, and of the present Secretary of State, and Under Secretary of State for India. The first-named gentleman, in his recent address on the subject of the finances of India, made the following important declaration on the 27th July last:—

"I will confine myself to three examples of the prevailing disregard of financial consideration. First, the Army. Although the great native military Powers which formerly balanced our own, Runjeet Sing, Gwalior, Oude, and Hyderabad, have been extinguished or disarmed, and all the remaining Native States have been conciliated, and attached to our interests, though our great Bengal Sepoy Army, which required a large European and Native force to look after it, has disappeared, and we have drawn the teeth of the Native States by depriving them of their guns; though our Army now reigns supreme, and unrivalled, and one regiment is able to do the work of ten by the formation of railways; and lastly, and chiefly, although the people of India have entered upon a course of educational and industrial improvement which is quite incompatible with their former revolutionary aspirations, the military expenditure, according to the Budget estimate, is 15,745,341 *l.*

It

* Some of the duties devolving on the regular army have been transferred to the Military Police Establishment, lately organised on the model of the police force of Ireland, costing 2½ millions per annum.

Appendix, No. 1.

It therefore absorbs nearly a third of the gross revenue. This is more than the ordinary military expenditure of the great military monarchies of Europe, and, above all, it is more than the military expenditure by which England maintains the security, not only of these Islands, but also of the whole of the British Colonies, including Canada, exceeding, if not in population, at any rate in extent of territory, and in the formidable character of the Powers by whom they might be assailed, the whole of British India. The net charge for the British Army this year is 11,762,200 *l.*, while the estimated net expense of the Indian Army is 15,009,116 *l.*, or 3,983,141 *l.* more."

22. In a Despatch sent to the Government of India, dated 2nd December 1869, the Right Honourable the Duke of Argyll declares:—

"The necessity of effecting every practicable reduction of expenditure was fully apparent to me when my financial Despatch of the 2nd January last, No. 62, was written. In that Despatch I called your attention to the military charges, and stated the grounds on which I considered that those charges should be reduced to at least the scale of 1863–64, and that it might be possible to bring the whole military charges in India, including stores, a million and a-half below the present amount."

23. Mr. Grant Duff, Under Secretary of State for India, in the Budget Speech delivered by him before your Honourable House on the 3rd August 1869, speaking of the Indian Army, acknowledged that "its weakest part was its enormous cost." Later, in the course of the financial statement which he submitted to your Honourable House on the 5th August, last he declared that the first great line on which "our financial policy should be built was military reduction."

24. The enormous increase in military charges is attributable, not to an increase in the aggregate number of troops employed in India,* but, amongst other causes, to immense sums of money being lavished on military stores, transport of troops, keeping up separate chief military commands in each Presidency, the maintenance of large regimental depôts in England, the extravagant arrangements made by the authorities in England on the amalgamation of the late East India Company's troops with the Royal Army, and the ruinous scheme sanctioned for granting promotion to European officers of the Staff Corps, entailing on the Indian revenues enormous charges for "non-effective" service, which liability must go on increasing from year to year until near the close of this century, during which period it is estimated that an aggregate sum of sixteen to twenty millions sterling will be sacrificed over and above the excessive amount now disbursed on account of military charges. Some of these charges may, your Petitioners submit, be totally abolished, whilst others may be considerably reduced without impairing the strength and efficiency of the military forces employed in India. Your Petitioners regret to learn that the control exercised over this disposal of the Indian Army by the Department under His Royal Highness the Commander-in-Chief in England often operates prejudicially to the interests of the Indian Treasury. Your Petitioners therefore solicit your Honourable House to devise and adopt suitable measures, with a view to reduce the enormous military expenditure of India, and to keep it within proper limits, so that it shall bear a fair and reasonable proportion to the income of India.

II.—25. Your Petitioners would now respectfully invite the attention of your Honourable House to the disbursements made in England out of the revenues of India by Her Majesty's Secretary of State for India in Council, and to the immense increase which has taken place therein during the last thirteen years, amounting to 10 millions.

26. The increase in some of the items, such as guaranteed interest payable on railway capital and loans borrowed for Public Works Extraordinary, &c., can be justified but when these funds are carefully spent on desirable works; but your Petitioners submit that many of the charges paid in England out of the revenues of India will, on inquiry, be found to be excessive, and several of them without reasonable justification.

27. Instead of practising rigid economy, and making use of private enterprise for the conveyance of troops to this country, a highly expensive overland troop-transport service has been lately organised, costing more than a million for ships, and 320,000 *l.* per annum for the maintenance of the service, besides a further annual charge of nearly 100,000 *l.* for the passages of officers and troops. If this costly service be abolished, and if a proper system of transport by public competition be substituted, the service could, your Petitioners firmly believe, be efficiently performed at about half the present cost. The system under which stores are sent out from England is open to the same objection; their ultimate cost is excessive, and entails a heavy loss on the State. During the last five years there has been an increase of 50 per cent. in the charge for stores. On inquiry, your Honourable House will, as your Petitioners believe, find that there has been a great increase in the expenditure of "the Home Treasury" of the Government of India in many departments which admits of considerable reduction. Although the marine charges of India amount to three-quarters

* Since the year 1856–57 the Native army has been reduced by 110,000 men, and the European army has been increased by 16,000 men. Notwithstanding this aggregate reduction in the numerical strength, the military charges have been enhanced by five or six millions per annum, or 50 per cent., without any commensurate gain to the efficiency of the force.

quarters of a million per annum, the Indian Treasury is unfairly made to contribute towards the expenses of vessels belonging to Her Majesty's Navy, on the plea of their being employed to survey in the Indian seas, Persian Gulf, and other Asiatic waters.

III.—28. Your Petitioners beseech your Honourable House to take into your earnest consideration the importance of placing the financial relations between the Government of India and the Imperial Government on a just and equitable footing. Your Petitioners grieve to say that India has for a series of years been treated with injustice, and that items of expenditure, and charges which ought to have been provided for entirely from the Imperial Exchequer, or distributed in equal proportions between India and England, have been entirely defrayed out of the revenues of India.

29. To illustrate their meaning, your Petitioners would respectfully ask the attention of your Honourable House to the treatment adopted by the Imperial Government towards the colonies, which presents a singular contrast to the treatment of an empire like that of India, which adds immensely to the power, dignity, and influence of England in all parts of the world. England has not charged a shilling to the Colonies for the heavy cost of conquering and defending those possessions, whilst India has been charged with the entire cost, not only of conquering and defending these territories, but also the whole cost, and in several cases half the cost, of many protracted wars waged in pursuance of a British policy, with which the interests of India were but remotely concerned. The whole cost of the Colonial Office, and the greater portion of the costs of the military defence of the Colonies, including Ceylon, amounting to a large sum, are borne by the Imperial Exchequer, whilst the entire cost of the India Office establishment has been charged to the revenues of India. India has been charged not only with the cost of all the troops supplied to her from England, but also with the cost and charges of their maintenance in England for several months prior to the date of their dispatch. The expenses, ranging from 500,000 *l.* to 1,000,000 *l.* per annum, of large depôts of troops maintained in England, and serving as part of the garrison of Great Britain and Ireland, have all been charged to the Indian Treasury. During the last two years a new charge of 70,000 *l.* per annum has been imposed on the Indian Treasury "as a contribution towards the expenses of Her Majesty's ships" employed in the Indian seas, as well as in other parts of the East. Your Petitioners submit that India should be relieved from this charge, and should not be made to contribute towards the cost of the naval squadron maintained by Her Majesty's Government for the protection of English commerce, and for the support of the supremacy of England. The cost of Her Majesty's establishments in China, and of the Missions maintained in Zanzibar and Persia for Imperial purposes, are charged to India, although these establishments and missions are placed under the departmental control of Her Majesty's Secretary of State for Foreign Affairs. Until lately India was compelled to bear a moiety of the amount of loss annually accruing to England for the conveyance of Her Majesty's mails to Mauritius and to Australia; and up to the present time half the loss resulting every year on account of the Mediterranean, Egyptian, Ceylon, and China mails has been charged to the Indian Treasury.

30. In addition to the above, your Petitioners would most respectfully draw the serious attention of your Honourable House to the following heavy charges with which the finances of India have been burdened.

31. In the year 1834, when Parliament thought proper to deprive the late Honourable the East India Company of the monopoly of trade which they exclusively carried on with the East, a great boon was conferred on the merchants of Great Britain by thus declaring the trade free and open to all; but India has since been burdened with an annual charge of 629,970 *l.*, being interest on the amount of compensation granted to the said Company for the loss of their monopoly. In the official accounts this charge is designated "Dividends to Proprietors of East India Stock:" Although the original capital stock of the Honourable East India Company, 6,000,000 *l.* had, your Petitioners are credibly informed, been swept away by losses sustained by the Company; and although the Company had received dividends, amounting to 23,000,000 *l.* from the Indian Exchequer, Parliament in 1834 awarded to the said proprietors of East India Stock the sum of 629,970 *l.* to be paid to them annually out of the revenues of India as dividend on that Stock; and in addition directed that in the year 1874, these proprietors should be paid the original amount of the Company's capital, 6,000,000 *l.*, and should receive besides another sum of 6,000,000 *l.*, thus granting them the extravagant sum of 12,000,000 *l.*,* although the Company had during their administration of the affairs of India contracted a debt of from 50 to 60 millions sterling, which has unjustly been treated as part of the public debt of India. Your Petitioners most respectfully, but most earnestly, beg to remonstrate against this charge. Your Petitioners submit that a charge like this, incurred not for the advantage of India, but for the purchase of the privilege of open trade with the East for the express benefit of the merchants of Great Britain, should, in common fairness and justice, be at least equally apportioned between India and England, if not wholly transferred from the Indian Treasury to the British Exchequer. No reasonable plea can, your Petitioners submit, be urged in favour of the equally unjustifiable proceeding by which the revenues of India were charged 150,000 *l.* a year

* The sum of 2,000,000 *l.* was taken from the revenues of India in the year 1838, and invested in the English Funds as security for the payment of the said sum of 12,000,000 *l.*

Appendix, No. 1.

year, for the award of "compensation annuities," for closing the late East India Company's commercial establishments at Canton and other places, and other large sums which have been charged to India for the expenses of the said Company's establishments at St. Helena, Bencooleen, Malacca, and Prince of Wales' Island.

32. A very considerable portion of "the Public Debt of India," amounting last year to 102,866,189 *l.*, and forming an annual charge of 5,025,014 *l.* on the revenues of India, has been incurred for defraying the cost of wars carried on beyond the frontiers of India for Imperial purposes, and by the express orders of Her Majesty's Government. Your Petitioners would refer for example to the Affghan War, of which the entire cost, amounting, it has been computed, to 20 millions sterling, has been thrown on the revenues of India; a war which was forced on the Government of India by the English Cabinet against the remonstrances of the late East India Company.*

33. In short, your Petitioners are constrained to represent that, from the expenses of a ball given to the Sultan of Turkey to the charge for the maintenance of lunatics in England, and the costs of presents given to members of the Zanzibar Mission, every charge, with which the name of India can be connected, is fastened on the Indian Treasury, which has gradually been so much exhausted that, with much difficulty, it can bear the increased pressure put upon it from year to year.

34. In confirmation of the complaint that India is treated with unfairness by the Imperial Government, your Petitioners are able to adduce the testimony of the undermentioned high authorities. Her Majesty's late Viceroy and Governor General of India, Lord Lawrence, made the following observations when the Secretary of State for India made the financial statement in the House of Lords on the 28th of June last:—

"It was felt that there were some items which were unfairly charged against the revenue of India. Last year he protested against the charge made upon India in reference to the Abyssinian War, and now he would mention two or three other items. Some years ago there was established a line of telegraphic communication between England and India, and the whole expense of that line, upwards of 1,000,000 *l.*, had been charged against the revenue of India. That seemed to him to be very unjust. The advantage had been very great to England, and each country should have paid half the expense. In the nature of things the line was one that would never pay. He thought, also, that the charge for supplying India with troops should not be higher than was absolutely necessary; that was, that the charge should be upon the lowest scale. Further, he did not see why India should pay anything on account of our establishment charges in China. All these items made up a large sum; but the question was not so much the amount of money as the feeling that the charges engendered in India. Whilst the Englishmen exiled in that country complained of the income-tax, the whole people of India complained that novel taxes were levied upon them, and that in certain instances they were paying more than they should pay for charges in England, and these things caused great dissatisfaction."

Sir Charles Trevelyan and Mr. Laing, late Finance Ministers for India, and Sir George Wingate, late Revenue Survey Commissioner of this Presidency, have recorded similar testimony, to which your Petitioners beg to refer your Honourable House.

35. Whilst the acquisition and defence of the Colonial dominions of the Crown have cost the Imperial Exchequer, as your Petitioners have been assured, an enormous sum of money, the fact is incontrovertible that the vast Indian Empire, which is justly regarded as the brightest jewel in the Crown of Great Britain, has been acquired and maintained up to the present moment without entailing the smallest charge on the British nation. This consideration, coupled with the many valuable benefits and advantages reaped by the British from their connection with India, will, your Petitioners sincerely trust, be deemed sufficient to induce your Honourable House to apportion the cost of perpetuating that connection, alike profitable to the rulers and the subjects, and adjust the financial relations between India and England upon an equitable basis. With this object your Petitioners humbly beseech your Honourable House to grant such relief as may appear just and necessary for the purpose of extricating the finances of India from the state of embarrassment in which they have become involved, and diminishing the excessive and increasing drain upon the resources of this impoverished country.

36. Your Petitioners submit that by an act of justice it is in the power of Parliament to afford immediate relief to the Indian Treasury to a considerable amount. The high rate of interest, payable every year for the public debt of India, forms a heavy charge on the revenues of this country. By giving an Imperial guarantee for this debt, and converting it into consols, there will be a clear annual gain of about 1½ millions, which, if formed into a sinking fund, or invested in reproductive public works, would liquidate the whole debt within a definite period. This debt, your Petitioners submit, cannot any longer be regarded as only an Indian liability. Her Majesty the Queen having assumed the direct sovereignty of India since the year 1858, Her Indian territories have become part and parcel of the British empire, and have thus become subject to all the liabilities attaching to them. Moreover,

* V. Third Report of the Select Committee of the House of Commons on Indian Territories, 1853, p. 49; and Sixth Report of the Select Committee of the House of Commons, 1853, Appendix, p. 193.

Moreover, in the course of the debate, which took place in your Honourable House on the subject of the East India Loan in the year 1859, the Right Honourable Lord Halifax, then Secretary of State for India, made this important declaration:—

"If we take away Indian revenue by Imperial legislation, we incur not merely a moral, but a positive liability."

On the same occasion, the Right Honourable the Earl of Derby, then Lord Stanley, is reported to have made the following observations:—

"I would ask the House seriously to consider how far, looking at the fact that more than 50,000,000 *l.* has been contributed by English capitalists, it would be morally possible for this country altogether to repudiate the Indian debt without shaking its own credit? I would likewise ask the House to bear in mind that if ever the time should come when the established policy in this respect should undergo a change, and when a national guarantee should be given for these liabilities, that guarantee would operate to reduce the interest paid upon the Indian debt by no less than 750,000 *l.* or even 1,000,000 *l.*, which, formed into a sinking fund, would go far to pay off the whole."

37. This act of expediency, if not of justice, is, your Petitioners submit, not calculated to entail any burden on the Imperial Exchequer, nor expose the British nation to any real risk.

38. The consequences resulting from the mistaken policy on which the Government of India is now conducted are, your Petitioners grieve to say, deplorable. India is burdened with many heavy charges which ought to be borne wholly or in part by the Imperial Exchequer of England; the public debt is rapidly increasing;* the resources of the country, so urgently needed for internal improvements, are misapplied; much useless and wasteful expenditure is kept up in India as well as in England; the people are loaded with excessive and odious taxes; India is impoverished by the heavy and increasing drain of its wealth to the governing country; the people are denied an honourable career by being shut out from all the higher offices in the public service of their country; and no adequate efforts are being made to rescue the mass of the people from a state of gross ignorance and abject poverty,† or to improve their wretched condition and increase the products and develope the resources of the country.‡ Matters have come to a crisis, necessitating the interference of your Honourable House, which your Petitioners now humbly invoke.

39. By making judicious retrenchments, practising rigid economy, relieving the Indian Treasury of many burdens unfairly imposed on it by the Imperial Exchequer, and adjusting the financial relations between India and England on an equitable footing, your Petitioners humbly submit there will be no deficits, all financial difficulties will disappear, the necessity of excessive taxation will be obviated, and ample funds will be available from the ordinary revenues of India for every legitimate purpose, whether Imperial or local, for developing the inexhaustible resources of the Indian empire, for diffusing the benefits of education, and ameliorating the condition and promoting the permanent welfare of 150,000,000 of Her Majesty's loyal subjects.

40. Your Petitioners are extremely gratified to learn that, on the motion of so distinguished a personage as the Right Honourable W. E. Gladstone, a Select Committee of your Honourable House has recently been appointed to inquire into the financial administration of India. Your Petitioners solicit your Honourable House to refer this Petition, and all the facts and representations therein set forth, to that Honourable Committee for investigation and report. Your Petitioners sincerely hope that the inquiry entrusted to the Select Committee will lead to beneficial results, and enable your Honourable House to relieve the people of India as much as possible from the present excessive burden of taxation, and provide adequate remedies for the evil of which your Petitioners and their fellow-subjects residing in different parts of India, now complain, place the financial administration of India on a sound and satisfactory footing, and adjust the financial relations between England and India on a just and equitable basis.

41. Your Petitioners submit that it is desirable to put the said Select Committee in possession of the views and sentiments of the intelligent portion of the native inhabitants of India. As such native witnesses are not available for examination in England, your Petitioners solicit your Honourable House to instruct the Select Committee to procure in India the views of the representatives of different classes of Her Majesty's Indian subjects, in regard to the important matters entrusted to the Committee for inquiry and report.

42. Your

* Since the year 1840 the public debt of British India has increased from 34,484,997 *l.* to 102,866,189 *l.*, and the annual charge for interest thereon has risen from 1,595,778 *l.* to 5,052,014 *l.*

† Out of the large income of 51 millions, the amount devoted by the Government of India for the promotion of education this year was 606,200 *l.* for a population of 155,348,000, being at the rate of less than 1 *d.* per head. In the United Kingdom the amount spent by the State for primary education is 1,214,661 *l.* for a population of 30 millions, being at the rate of nearly 1 *s.* per head.

‡ The following statistics give a fair idea of the poverty of India compared with the capacity and means of Great Britain, her Colonies, and the United States of North America. Whilst Australia is able to consume 6 *l.* a head, and British North America 1 *l.* 5 *s.*, India consumes only about 2 *s.* a head of British manufactures. The exports of the produce of the United Kingdom are nearly 6 *l.* 10 *s.* a head of the population, those of British North America about 3 *l.* a head, and of Australia about 11 *l.* (exclusive of gold); those of India are scarcely 5 *s.* a head.

Appendix, No. 1.

42. Your Petitioners, therefore, humbly pray that your Honourable House will be pleased—

(1.) To direct the Executive Government of India to reduce the public expenditure, totally to abolish the income-tax, reduce the recently enhanced salt-tax, and other imposts which press heavily on the people, and prohibit the imposition of fresh taxes for Imperial or local purposes;

(2.) To provide a permanently efficient check upon the increase of public expenditure and taxation in India;

(3.) To devise suitable measures for curtailing the overgrown and excessive expenditure of that department of the Indian Treasury which is under the immediate control of the India Office in England, and to provide an efficacious check against its increase, by prescribing definite limits for the principal charges, which should not be exceeded without obtaining the previous sanction of Parliament;

(4.) To relieve the Indian Treasury of charges which ought to be defrayed wholly, or in part, by the Imperial Exchequer; and

(5.) To grant an Imperial guarantee for the public debt of India, under such conditions as may be necessary to secure to the public the saving to be made thereby.

43. By adopting suitable measures for redressing the grievances of the people, and by thus removing the existing sources of dissatisfaction, your Honourable House will strengthen the attachment of 150,000,000 of British subjects to Her Majesty's Throne; and your Petitioners humbly trust they will not have appealed in vain to your Honourable House to do this act of justice to the people of India.

And your Petitioners, as in duty bound, will ever pray.

Bombay, 29 March 1871.

Appendix, No. 2.

PAPERS RELATING TO OPIUM.

From *A. R. Young*, Esq., Secretary to the Government of *Bengal*, to *W. Grey*, Esq., Secretary to the Government of *India*, No. 1780, dated 14th July 1860.

I AM directed to acknowledge the receipt of Mr. Secretary Edmonstone's letters, No. 557, dated the 23rd November 1858, and No. 23, dated the 12th January 1859, forwarding communications from the agent to the Governor General in Central India, and from the Government in the North Western Provinces, in which a change of system is suggested in the mode of realising the revenue derived from opium in Bengal. The proposal is to substitute for the present Government monopoly of manufacture and sale, the free and unrestricted cultivation of the poppy, and the free manufacture and export of opium on payment of a fixed duty. On this proposal the opinions of the Lieutenant Governor and of the Board of Revenue are invited.

2. The Board's report, dated the 21st November last, No. 405, with its voluminous enclosures, is herewith forwarded; and the arguments on which the proposed change is based are so completely discussed in these papers, that little is left to the Lieutenant Governor to add on this subject. The conclusions to which the Lieutenant Governor has arrived are that all the evils imputed to the opium monopoly, whether direct or indirect, and whether affecting of India, England, or China, are without exception imaginary; and that all the principles on which the system is attacked, are either demonstrably unsound, or of no practical importance, so far as this particular question is concerned. He is also of opinion that the monopoly works admirably in practice; he does not think it impossible that a very large revenue might be raised in India from opium, without resort to the device of a monopoly; but he cannot see how any real advantages, greater than those of the present system, are attainable under any other system. He sees in any change a risk of permanent loss of revenue, whilst he holds it to be certain that any sudden change would involve a great annual financial loss of indefinite duration; it follows that in his judgment it would be ruinous, in the present state of the Indian finances, to try organic experiments in this most prosperous department.

3. Sir R. Hamilton's objection to the Government monopoly in opium seems to rest entirely on the "opprobrium" to which it subjects the Government, and he considers that were "the system which obtains in Malwa introduced in Bengal, free and unrestricted growth and cultivation, being allowed anywhere and everywhere, an uniform duty on export might be levied without the revenue from this source being sacrificed or endangered." Mr. Muir, a member of the Board of Reveuue in the North Western Provinces, who is the other advocate of the change of system, urges its adoption, likewise mainly with a view to "relieve the Government from the odium at present attaching to it, of not only encouraging the growth of the poppy, but of itself being the direct trafficker in the drug, and its monopolist"; and he also considers that the revenue would be sustained under a system of excise and export. He advances in support of his proposal the further considerations, that the suggested reform would get rid also of the "large and costly establishments maintained by Government for the complicated system of advances, &c." and that with the agency system would cease, "the harassing interference which it exercises throughout the country with the transactions of the peasantry," whereby "a sensible relief to to the administration" would be afforded.

4. The objection founded on the imputation of immorality to which the Government is exposed under the present system, is of little weight; were the imputation true, this would be a fatal objection against which no financial arguments could stand; if the imputation could be supported on the foundation of fact with any show of reason, the objection would have weight; but there is neither truth nor show of truth in it; now, at all events, that the importation and cultivation of opium has been legalised by the Chinese Government, there remain no means of putting the imputation into a plausible form.

5. The Lieutenant Governor fully concurs with so much of the Board's remarks on this point, as go to show that the distinction, *as a question of ethics*, between raising a revenue from opium by an excise on consumption and a duty on exportation, and raising the same revenue by monopolising the manufacture, is fanciful and false, whatever the truth may be as to the effect, on the whole, of eating and smoking opium in India and China. No per-

Appendix, No. 2.

son, whatever may be his views on the total abstinence question, has attempted to draw a moral distinction between the *octroi* on wine and the monopoly price of Government tobacco, to both of which modes of taxation consumers in many continental towns are subject. But the Board seem to the Lieutenant Governor to over-argue this point when they attempt to prove that the proposed system of free manufacture would be infinitely injurious and demoralising in comparison with the present system of monopoly. It is not at all necessary to the Board's conclusion that this argument should be established. It is not professed that "under the existing system the quantity of opium is checked and limited by Government," on any considerations of the injurious and demoralising effects of the use of opium; and to claim for this system any superiority on this ground would be to set up, and to set up unnecessarily, an unreal and unfair pretext. The same must be said of the plea in favour of the purity of the drug which is ensured by the present system, as compared with the perniciously adulterated article which it is assumed, contrary to experience in Malwa, would be produced under the proposed change of system. The truth is, that questions such as these do not properly belong to the subject. It is a fact as much beyond dispute that the Chinese are consumers of opium on a large scale, as that Europeans consume wine, spirits, and tobacco on a large scale. It is also an ascertained fact that supplies of opium can and will be obtained by the Chinese, whether the people and Government of India assist in furnishing those supplies or not. There is no doubt that if the growth of the poppy were to cease in India altogether, the Chinese would still be opium smokers, and would obtain from elsewhere, at home or abroad, what supplies of opium they required. This country, however, has a natural monopoly of good and cheap opium. If anyone seriously contends that this natural advantage, which Providence has granted to India, should be artificially counteracted by the prohibition of poppy cultivation in this country, out of regard for the Chinese, such an argument may safely be left to its fate. If things were left to their natural course, India would supply China with the greater part of the opium which Chinese consumption demands. It is the policy of the Indian Government to let things run as nearly as possible in their natural course, whilst it gives the public exchequer the benefit of the natural monopoly in question, thereby avoiding the necessity of equivalent taxation in some more inconvenient form. In doing this, the only duty of the Indian Government is to decide what method is most expedient and most for the advantage of this country. To this point the question narrows itself; and a candid decision in favour of the present system as compared with that proposed, will not be assisted by dragging into the discussion fancied advantages to the foreign consumer, which in reality do not at all enter into the motives by which the fiscal arrangements of India are regulated.

6. The Lieutenant Governor also finds it necessary to express his dissent from all that part of the argument of the Board's letter which assumes that the cultivators would cease to grow the poppy under a system of free manufacture, or that they would continue the cultivation only under the pressure of some such unpopular system as the indigo system has grown into in some districts. There is no more reason against the free cultivation of the poppy than there is against the free cultivation of the sugar cane, so far as cultivators and zemindars are concerned.

7. To notice next the assumption on which both Sir R. Hamilton and Mr. Muir proceed, that there would be no risk of loss of revenue from the introduction of the export and excise duty system, I am to observe that it appears to the Lieutenant Governor that the very material difference in the position of the poppy growing districts on this side of India and those of Malwa, with reference to the sea-board, appears to have been lost sight of by all who have taken part in this discussion. The Lieutenant Governor believes that no opium from Malwa can reach any place from which it can be exported by sea, except by routes passing over ghats, in which the traffic can easily be watched and checked, or by such circuitous routes as would swallow up all the profits of a contraband trade. In Bengal, on the contrary, it would be almost impossible to establish a really effective cordon, which would prevent the smuggling of opium to the sea-coast, down every water channel, and along every road, if, as Sir R. Hamilton proposed, poppy were allowed to be grown and opium to be manufactured "everywhere and anywhere." To avoid evasion of duty to an enormous extent, the only method open in Bengal, besides that of a monopoly and that of a limited and regulated manufacture, having little more resemblance to a true system of free cultivation and manufacture than the monopoly itself has, is to tax the poppy field.

8. On the score of expense, the Lieutenant Governor can see no limit to the cost of a really efficient preventive establishment; and the levy of the tax upon the land would be also exceedingly costly. A mere cordon enclosing any given tract of country would not be sufficient; but in every district establishments would have to be formed to prevent the illicit cultivation of poppy and retail sale of opium, and it cannot be doubted, as the Board remark, that such establishments, composed as they must be of native officials, would exercise a really "harassing interference" with the people.

9. That no such "harassing interference" is exercised under the present system, is established not only on the evidence of the local officers, whose testimony might in such a matter be received with hesitation, but on that of numerous landholders in the districts in which the agency operations are carried on, whose opinions have been collected by the agent of Behar. The highly respectable English planters of those districts, who have also been consulted by that officer, while they very naturally evince a desire to share the advantages of the trade in opium, and consider it desirable that it should be thrown open to all, have nothing

Appendix, No. 2.

nothing to urge against the present system as one involving any degree of hardship to the cultivator. It is, on the contrary, fully admitted by all who are acquainted with that part of the country, including Mr. Reade, Mr. Muir's eminent colleague in the North Western Provinces Board, that no cultivation is in so much favour with the ryots as that of the poppy for the Government agencies; and that in every point of view it is most beneficial to all engaged in it, or interested in the prosperity of the villages into which it is introduced. The engagements to cultivate being entirely voluntary, and terminable at option of the cultivators, cannot in any way be oppressive; and that the engagements are voluntary and terminable in practice, is proved by the enormous extent of what was poppy land, converted to other purposes within the last few years of general high prices. There is no doubt from the absence of any difficulty in the adjustment of balances, that poppy cultivation wherever it is continued, is remunerative. As soon as it ceases to be so, and in consequence other crops are sown in poppy lands, it is the policy and practice of the department to raise the price of the raw produce, as far as may be necessary to induce an increase of cultivation up to the desired limit. As far, therefore, as the cultivator is concerned, no system can be more free or more natural. Advances are made without interest, and under the personal superintendence of European assistants. All complaints are patiently listened to, and no coercion or interference whatever is exercised by subordinates in any stage of the production of the drug. Liberal allowance is made for loss of crops caused by storms or other calamities, and at the close of every season the amount due to the ryot is promptly paid up in full. Under such a system as this it is impossible that the ryots should be otherwise than thriving and contented; and that they thoroughly themselves appreciate the advantage of their position as opium cultivators is strongly illustrated by the incident adverted to in the Board's 12th paragraph, of their having adhered faithfully during the mutinies to their engagements even in the most disturbed districts, and having brought in their opium, often at much personal risk, in order to settle their accounts and to retain their position in the department.

10. In conclusion, the Lieutenant Governor desires strongly to deprecate, at the present time, any fundamental change in the system which now obtains in the opium department of the Bengal Presidency.

From the Honourable *A. Eden*, Officiating Junior Secretary to the Board of Revenue, to the Officiating Secretary to the Government of *Bengal*, No. 405, dated the 21st November 1859.

1. I AM directed by the Board of Revenue to acknowledge the receipt of your predecessor's letters, Nos. 2641, dated 2nd December 1858; 183, dated 22nd January 1859; and 532, dated 7th March 1859, with their enclosures.

2. The Board desire me to express their regret at the delay that has occurred in submitting the reports called for, but the question of the Government connection with the manufacture of opium is one of such vast importance, and the existing system has been attacked from time to time with so much prejudice and ignorance, that the Board were anxious to receive, and fully consider, the opinions of their subordinates before submitting their reply. In now forwarding the reports* of the opium agents and sub-deputy agents, together with their enclosures, I am directed to state that the Board most strongly deprecate any change of system, the result of which they are satisfied will inevitably be a temporary, and in all probobility a permanent, loss of the extensive revenue now derived from this source.

* From Opium Agent of Behar, No. 49, dated 14th April 1859, with ten enclosures.
From Opium Agent of Benares, No. 40, dated 20th April 1859, with one enclosure.

3. The present system of raising revenue from opium has been most truly described by his Excellency the Governor General as a scheme showing so much integrity and soundness of policy as a means of finance, that it will be found difficult to devise any other scheme possessed of so many advantages, and so few real disadvantages; and yet the Government is now called upon, at a period of unexampled financial pressure and difficulty, and immediately after the suppression of a formidable mutiny and rebellion, to abandon that system, and to substitute another by which more than three millions sterling of the revenue will be imperilled; and this great risk is to be undertaken to satisfy the scruples of a few very enthusiastic and doubtless excellent persons, who, knowing but little of that against which they declaim, are pleased to consider and represent the manufacture and sale of opium by Government agency to be an opprobrium to the British Government and a heinous offence against morality. It will not be very difficult, the Board think, to show that the scheme now proposed will be infinitely more injurious and demoralising than the present one. The advocates of the former apparently see nothing wrong in raising revenue from opium by means of an excise and export duty, but they hold it to be a national sin to obtain revenue by the cultivation of the poppy and the manufacture of opium by Government agency, a nice distinction which the Board are unable to comprehend.

4. Under the existing system the quantity of opium is in some degree checked and limited by Government; under the one proposed there can be neither restriction nor limitation, and the drug which in its pure state is not pernicious if not used to excess, will be rendered so by adulteration with all sorts of deleterious ingredients.

Appendix, No. 2.

5. The present discussion arose originally with reference to the system which previous to 1856 obtained in the North Western Provinces, of farming the duties on the retail sale of opium for internal consumption; the expediency of admitting foreign opium into those provinces by passes; and the lowering of the retail price of Abkaree opium. The question, however, into which these discussions have now resolved themselves, is nothing less than the expediency of giving up the opium monopoly, a measure strongly advocated by Sir R. Hamilton, Agent to the Governor General in Central India, and Mr. Muir, Junior Member of the Revenue Board of the North Western Provinces, who would apparently substitute for the present system of manufacture and sale by means of Government agency, the free and unrestricted cultivation of the poppy throughout India on the payment of an acreage tax, and the free manufacture and export of opium on the payment of a fixed duty of 400 rupees per chest.

6. The Board desire me to point out that the whole of Sir R. Hamilton's arguments in favour of this plan are founded upon the very fallacious supposition that "if the Chinese consider opium smoking a necessity or a luxury, they will purchase the drug, *for they cannot grow it.*" Now, from the reports of Her Majesty's consuls forwarded to this office, with Mr. Secretary Halliday's letter, No. 47, dated 18th January 1849, it was apparent that in the Southern Provinces of China, and especially in Yunnan Kwangsee, Ninghae, and Keangsee-Che-Keang, there was a very considerable and increasing indigenous cultivation of the poppy as long ago as 1848; and there are very strong grounds for the belief that this cultivation has been extended to a very great amount since that period. The withdrawal of the prohibition of the Chinese Government, the increase of duty on the Malma drug, and the late high prices obtained at the Calcutta sales, are events any one of which is sufficient in itself to give a very strong impulse to the poppy cultivation in China.

7. The Board are informed from more than one reliable source that there are this year 20,000 chests of the indigenous drug in the China market, a specimen of which has been forwarded to them, and is now under analysis.

8. With therefore an increase of production in China it is not to be expected that the Chinese will continue to take that produced in India after they have ceased from any cause to prefer it to the indigenous drug, and there is but little room to doubt that this preference will cease as soon as the Government retires from the manufacture of opium, and leaves its cultivation and preparation to the chance care of unskilled speculators, and the risk of adulteration by competing and short-sighted manufacturers.

9. The high price which the Bengal opium has hitherto commanded in the China market arises principally from the confidence which exists there as to its purity from adulteration, and the skill, experience and science of those by whom it is prepared. The slightest change even in the external appearance of the chests in which the opium is contained, has been found to create suspicion in the minds of the brokers, and to affect the sale. Opium, therefore, prepared under a system of free and competing manufacture, could not be expected to command anything approaching the prices of the Government provision opium. The large shippers in Calcutta would never then be able to purchase, as they now do, without examination or even inspection, large quantities of the drug, in full reliance on the good faith of the agency through which it comes to the market. And the able report of Dr. Impey, forwarded to the Board in Mr. Under Secretary Beadon's letter, No. 954, of the 15th April 1846, thus describes the distinction made by the Chinese between opium prepared under a system of free cultivation and that prepared at the Government agencies. Speaking of the Malwa opium, he remarks: "In China, at the present time, the frequent adulterations have given rise to so much mutual suspicion and mistrust, that a supercargo from each opium vessel is generally in attendance while the Chinese boil and make the extract, so little is confidence acknowledged on either side." There could scarcely be a more severe aspersion than this upon the character of the examination to which opium is subjected in Bombay; and the value that is set upon British acumen and disinterestedness *per contra*, may be quoted the following passage from Martin's British Colonies: "It may be here observed that a chest or ball of the East India Company's opium is instantly purchased by a Chinese customer, without any other examination than that of the Company's mark.

10. There are, therefore, sound reasons for doubting whether opium manufactured by private parties in Bengal would be able to compete with the indigenous drug of China, an analysis of which, in 1853, proved it even then to be a very formidable rival to the Bengal produce; it is perhaps, even now, rather a caprice than any real superiority that makes the Benares and Patna opium such a favourite with the more wealthy consumers in China; it is, at all events, a matter of certainty that as soon as the confidence in its purity begins to be shaken, it will be a mere question with the Chinese whether they will import their rice and grow their opium, or import their opium and grow their rice. With their very dense population, it is not possible that they can grow both sufficiently to meet the demand; and so long as the Bengal opium continues to enjoy its present *prestige*, and is obtainable at a moderate price, they will, in all probability, to a great extent at least, prefer the latter course.

11. The Board observe that one of Mr. Muir's principal objections to the present opium agency system is the "harassing interference which it exercises throughout the country with

Appendix, No. 2.

Vide Enclosures, Behar Agent's Report.

with the transactions of the peasantry"; but his colleague, Mr. Reade, a most distinguished officer, having more than 20 years' experience in the opium producing districts of the North Western Provinces, has satisfactorily disposed of that erroneous statement; it is also thoroughly refuted by the impartial testimony of several respectable and experienced European indigo planters, gentlemen who cannot be accused, generally, of viewing the proceedings of the Government with a very indulgent eye.

12. The opium Assamees, however, have themselves given the most conclusive contradiction to this unjustifiable charge of oppression; they were everywhere faithful to their engagements, and loyal in their conduct throughout the whole of the late season of disturbance and disorganisation; when all other classes were unsettled and excited they peacefully continued their cultivation and regular occupation, and brought in their produce as usual to the Government factories, notwithstanding that their districts were overrun with rebels and mutinous soldiery, many of whom were bound to them by the ties of kindred; and not only this, but, for better security, the Ghazeepore cultivators left very large sums in deposit in the Agency. Had the abolition of the Government manufacture of opium been "a sensible relief" to the peasantry, is it not natural to suppose that they would have hastened to take advantage of these lawless times to knock off the fetters of the Opium Department? But, so far from doing this, they set a striking and useful example of loyalty and goodwill towards the British Government. If it were necessary to adduce further proof of the inaccuracy of these charges against the Department, the Board would allude to the measures which it has twice been necessary to adopt of late years to prevent the extension of the cultivation, which, from its great popularity with the agricultural classes, threatened to exceed the limits within which the then Government thought it desirable to circumscribe the production of the drug.

13. When the Governor General's agent for Central India has framed this very important scheme, without taking into consideration the large amount of indigenous opium produced in China; and when the junior member of the Sudder Board of Revenue, North Western Provinces, is so misinformed as to make allegations which have no foundation against the Opium Department, the Board submit that it is incumbent on the Government to pause and consider well before consenting to adopt and carry out a proposal which is based apparently on such very imperfect and superficial information, and which involves the abolition, at a very great risk, of a system which has worked well for so many years, and has yielded a princely revenue without any difficulty, discontent, or oppression.

14. The proposal to abolish the monopoly and substitute an export duty on opium raised under a system of free production, at first seems plausible; but the Board trust to be able to show that such a change can only be attended with the worst effects, whether viewed in a merely financial or in a moral point of view.

15. The condition of the China market and the peculiar circumstances which affect the price of opium are such as to make it impossible to fix any specific rate for the duty, which could be considered to secure equally to the Government and to the exporter a fair share of the profits of the trade. The fluctuating nature of the price of opium is apparent from the fact, that in 1853–54 the average price obtained at the opium sales was *Rs.* 740. 5. 5¾., whereas throughout the present year it has been fetching considerably over 1,600 rupees per chest. From the Appendix C. of the Behar Agent's Report, it will be seen that the average cost price to Government, of a chest of opium in the year 1837–38, was *Rs* 286. 9. 5¼., and that the average sale proceeds of that year's provision were *Rs.* 538. 12. 10. If in that year, then, the Government had levied a mere export duty of 400 rupees per chest, the revenue of the State would have gained to the extent of *Rs.* 147. 12. 7¼. per chest in excess of the actual profits obtained under the existing system, and the manufacturer, under Sir R. Hamilton's plan, would have been a loser to the same extent. But if the year 1856–57 is taken, it will be found that the cost price of each chest was, on an average, *Rs.* 269, 6. 1., and the selling price *Rs.* 1,436. 4. 7½.; and if in that year, instead of receiving the full advantage of the high market prices, the Government had merely been able to levy a duty of 400 rupees, the State would have lost *Rs.* 766. 8. 6½. on each chest, which 22,016 chests would have been a loss of revenue amounting to 1,68,76,009 rupees on the Behar opium trade.

16. In adjusting the duty, it would only be possible to fix it at the *minimum* rate of monopoly profit, otherwise in a bad season the whole of those engaged in the manufacture would be ruined, and the opium manufacture at once abandoned, for, as shown in paragraph 4, the Chinese are no longer solely dependent upon India for their supply, and there would not therefore be a possibility of shifting the whole duty upon the consumer. If, then, the minimum rate of profit was to determine the amount of duty which the Government should levy, the difference between that and the maximum would become the certain profit of the exporters, to the very great detriment of the interests of Government.

17. Another most important objection to the proposed scheme, in the opinion of the Board, is that, if the present average opium revenue is to be maintained under the change of system (which no one seems to question), this can only be done by increasing very largely the production of opium. If even a fixed export duty of 500 rupees per chest can be permanently imposed, which the Board consider extremely doubtful, the cultivation must in all possibility be more than doubled to yield the same amount of revenue as is now realised with so much punctuality, facility, and satisfaction to all parties.

18. Had a fixed export duty of 500 rupees per chest been in operation in the years 1856, 1857, and 1858, instead of the present system, the very large additional number of chests

Appendix, No. 2.

shown in the following memorandum, would have been required to produce the net revenue realised in those years.

YEARS.	Net Opium Revenue.	Number of Chests sold.	Number of Chests required to make up Revenue of Column 2 taking Duty at 500 per Chest.	Increase required.
	Rs.			
1856 - - -	2,71,37,210	41,492	54,274	12,782
1857 - - -	3,51,54,460	43,902	70,308	26,406
1858 - - -	3,77,44,903	32,686	75,489	42,803
	10,00,36,673	1,18,080	2,00,071	81,991

19. The Board doubt, whether, competing as we should have to do with smugglers, an export duty of 500 rupees could be maintained, and think that 300 rupees will be found to be the maximum duty that could be imposed; should this be the case, if the opium revenue is not to suffer very seriously, the cultivation and consumption of the drug must be increased to an enormous extent.

20. If this increase of production and demand could not be secured, the proposed system would fail most completely as a measure of finance; whereas, if they could be secured, it would utterly fail as a measure of morality, for in the year 1858 we should have had to find an increase of consumers capable of taking 42,803 chests, or, in round numbers, taking the average consumption of one man to be one mace per diem, which is generally admitted to be a fair average, we should have required 1,088,251 consumers in excess of those who are now purchasers of the drug.

21. If, indeed, the use of this drug be as bad and demoralising as it is represented by those who so zealously denounce the connection of Government therewith, the proposed plan will increase the evil many fold, and so far from the Government being relieved thereby from "the odium at present attaching to it of encouraging the growth of opium," it is very palpable that if the measure succeeds the growth of opium will be very much encouraged, and the Chinese markets glutted with the drug, which will also be introduced into every hole and corner of India.

22. The Governor General's Agent apparently considers the large increase of opium produced under the Malwa system a matter for gratulation; but the Board cannot help thinking that if an equal amount of revenue could have been obtained from half the quantity of opium exported the financial skill would have been more apparent, and the result less injurious. Admitting the drug to be as noxious as Sir R. Hamilton and Mr. Muir believe it to be, the Board fail to see why a system should be adopted which involves the production and dissemination of more of it than is necessary, and which will increase opium eaters and smokers by decreasing its price. It is true that the use and abuse of opium cannot be stopped, but they can be, and have, under the present system been to a great degree controlled and restricted. This, however, would be impossible under a system of free manufacture and cultivation.

23. The Board further desire me to point out that a certain consequence of the abolition of the monopoly will be the sacrifice of almost the whole of the Abkaree opium revenue, which, in the lower provinces alone has increased from 2,44,798 rupees in 1847-48, to 6,64,669 rupees in 1857-58; and that it will at the same time deprive the Government of all power of checking the local consumption of the drug.

24. The poppy plant can be grown to a certain extent in almost every district in Bengal. It is supposed by persons who are competent judges of such matters, that lands which produce tobacco will yield a fair average poppy crop. If this is the case, when the prohibition of the cultivation of the poppy is withdrawn, it will be grown in small patches for local consumption in almost every village and hamlet in Bengal; and even those who have hitherto abstained from its use will be tempted by its cheapness to have recourse to the stimulant. What the effect of such widely spread cultivation of the poppy would be it is not difficult to foresee.

25. The Board cannot comprehend how any persons should be found to propose the withdrawal of the only check that we have on the consumption of this so-called deleterious article, and thus to expose our own subjects to those great evils which are so much deplored by them in the case of the Chinese. Surely, the Board observe, our own subjects are at least entitled to the same consideration as the people of China; why then, for the sake of removing an imaginary stigma which is supposed by misinformed persons to attach to the opium monopoly are we to expose the whole population of India to the evil of an unrestricted supply of this so-called noxious drug? The use of opium has been carried to such an extent in China that nothing that the Indian Government can do will check it; if they did not get their supply from this country they would from other countries, and failing this would grow it at home, and appropriate for the cultivation of the poppy the land which is now employed in producing wholesome food and all the prime necessaries of life. This is not the case with Bengal; the Abkaree system has hitherto acted as a strong check upon the excessive use of the drug, and the Board can scarcely conceive any measure more mischievous in the

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eyes of those who deprecate the Government connection with the growth of the poppy than the withdrawal of this check in these provinces.

26. It is true that Mr. Muir says that he would still maintain an excise duty on the retail sale of opium, and would also impose a tax of 5 rupees per acre on land cultivated with the poppy. But it is unnecessary to point out that the Abkaree opium revenue in the opium producing districts is merely nominal, and there is no reason to suppose that it would or could under any circumstances be otherwise, if the cultivation was more extended. The Board further doubt very much whether the proposed acre tax would be found to answer at all. An acre rate, fixed and levied through the agency of native officials, would be certain to result in "harassing interference" with, and oppression of the people; and it seems to be the opinion of many well-informed persons, official and non-official, that the "Keories," who are the best cultivators of the poppy, would throw up the cultivation rather than pay this acre tax.

27. There are, moreover, other practical difficulties in the way of the proposed scheme which, if even no other objections existed, would be deserving of the most attentive consideration.

28. Subsequent to the abolition of the manufacture and sale of opium by Government agency, and previous to the thorough organisation and establishment of any other system, there must necessarily be an intermediate period of three or four years, during which there would certainly be a very large decrease in the manufacture of opium, and in the revenue derived therefrom. The Board think that the revenue may be expected to suffer during that period to the extent of at least a million and a half sterling.

29. When the Government shall be pleased to give notice of the intended withdrawal from the manufacture and sale of opium, the quantity of Malwa opium will probably for a time at least, increase to a considerable extent, and some portion of the advantages hitherto enjoyed by the peasantry of our own provinces, will be transferred to the subjects of Holkar; but the Board see reason to apprehend that the poppy cultivation in Behar and the North Western districts will be permanently diminished, for immediately Government ceases to make advances, a very large portion of the hereditary cultivators will abandon the cultivation of the poppy plant, and take to other equally remunerative crops. When a native has once forsaken his old hereditary trade or occupation, it is well known how difficult it is to induce him to return to his former employment, and in this the poppy cultivators of Behar and the North Western Provinces will be found very much the same as the generality of their countrymen; and after the cultivation of the poppy has once been abandoned, it will be most difficult to re-establish it. And even supposing that an increase of the poppy cultivation in Malwa does result from the withdrawal of Government from the manufacture, the Board feel confident that this increase would not to any sensible extent cover the decrease in Behar and the North Western Provinces.

30. Even if European and native capitalists and speculators are prepared at the proper time to enter the field abandoned by the Government, and to offer to the cultivators advances on the same terms as those on which they are now given by the Government agency, it is, the Board think, very doubtful whether any large portion of the professional cultivators would continue the poppy cultivation. The people know well by experience the great difference that exists between advances made by Government and advances made by private parties, European or native, and the Board see no reason for supposing that opium cultivation under a change of system would be in any degree more popular than indigo cultivation now is; and his Honor is well aware of the frequency of the complaints made by planters of the reluctance of the cultivators to grow indigo for them under advances. At the same time it is very certain that the manufacture of opium could never be carried on, on a large scale, except under a system of advances, and that no private person would be willing to make advances to the requisite extent unless they receive some special legal protection against defaulting cultivators, but the Board are clearly of opinion that if private speculators are armed with any special legal powers, the poppy cultivation will be most grievously oppressed, and discontent and disaffection to the Government widely spread among the peasantry wherever these specially protected manufacturers carry on their business; further, the Board apprehend that if such powers were conferred upon the opium manufacturers, those engaged in the cultivation and manufacture of other products will have a right to demand to be invested with similar authority, and they cannot think that the proposers of the change are prepared to recommend this.

31. I am further to request that it may be borne in mind that any alteration in the existing system will have an injurious effect on the land revenue of the poppy-producing districts. The zemindars and tenantry of these districts depend much upon the opium advances for the payment of their revenue and rents, and much inconvenience and distress must result from the stoppage of this accommodation which they have relied on for so many years, and which has been every way so advantageous to them.

32. In conclusion, I am to observe that the chief advantages of the existing system are that the Government realises every year without difficulty about 3,000,000 sterling of net revenue from foreigners; that large sums of money are expended amongst the people of the opium-producing districts, thus lightening the land tax, and making the cultivation popular amongst the people of those districts.

33. These and other collateral advantages should, it appears to the Board, be carefully weighed before any alteration is made in the present popular and profitable system. The importation of opium into the Chinese Empire has been legalised by the Chinese authorities, and therefore the Indian Government is now no longer obnoxious to the reproach of

Appendix, No. 2.

manufacturing an article much of which found its way through the hands of third parties into a country into which its introduction was prohibited; this was formerly the most substantial imputation against the Opium Department, but it exists no longer. There is no moral delinquency in the mere cultivation of the poppy plant. If the immoderate consumption of opium could be effectually prevented, the Board believe that it would be well, as in the case of alcoholic liquors; but as this is not possible, and as the use of opium in China and elsewhere would not in all probability be decreased in the smallest degree by the cessation of the export of the drug from this country, it seems to them to be most imprudent and impolitic, more especially at the present time, to throw away or even risk in any manner so large a revenue merely for the sake of silencing a clamour which proceeds for the most part from a misconception of the truth. At all events the Board deprecate a change which will substitute for the present system one which will infinitely aggravate all existing evils; which would be injurious to the interests of a laborious, loyal, and well affected section of the people; which would, according to the proposers' own views, tend to demoralise the population of Lower Bengal, and would in all probability occasion a very large deficit in the public revenue.

34. The Board would earnestly recommend that, for the present at least, there should be no interference with the existing opium arrangements; but if, notwithstanding all these objections, which, however, the Board consider conclusive, it be determined at any time to try the Malwa plan, the change should be carried out gradually and with great circumspection. They think that three or four years' notice at least should be given, and tenders invited at the end of that period for the purchase of the Government factories and premises. This would afford time to capitalists or joint-stock companies to arrange for the provision of funds, occupation of lands, mode of payment to a producer, means of manufacture, and necessary legislation. A gradual yearly reduction is, in the opinion of the Board, impossible, as private capitalists could not enter the field in competition with Government until the Government provision had reached its lowest limit, and in the meantime the revenue would completely fall, and cultivators give up the production of the plant. Before any other steps are taken, an experimental introduction of free cultivation on a small scale in some of the opium-producing districts of the North Western Provinces might be attempted, as suggested by the junior member, Sudder Revenue Board, North Western Provinces.

P. S.— The return of the enclosures (13 in number) is requested, when no longer required.

Appendix, No. 3.

ABSTRACT of the PROCEEDINGS of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Act of Parliament, 24 & 25 Vict. c. 67. Appendix, No. 3.

The Council met at Government House on Saturday, the 6th March 1869.

PRESENT:

His Excellency the Viceroy and Governor General of India, K.P., G.C.S.I., presiding.
His Honour the Lieutenant Governor of Bengal.
His Excellency the Commander in Chief, G.C.S.I., K.C.B.
The Honourable G. Noble Taylor.
Major General the Honourable Sir H. M. Durand, C.B., K.C.S.I.
The Honourable H. Sumner Maine.
The Honourable John Strachey.
The Honourable Sir Richard Temple, K.C.S.I.
The Honourable F. R. Cockerel.
The Honourable Rájá Shioráj Singh, C.S.I.
The Honourable Mahárájá Sir Dig-Bijay Singh, Bahádur, K.C.S.I., of Balrámpúr.
The Honourable G. S. Forbes.
The Honourable D. Cowie.
The Honourable M. J. Shaw Stewart.
The Honourable J. N. Bullen.

INCOME TAX BILL.

THE Honourable Sir *Richard Temple* in moving for leave to introduce a Bill for imposing duties on income and profits arising from offices, property, professions, and trades, said—

I have now to submit to your Excellency and to the Legislative Council the Financial Budget of British India for the official year 1869-70. This will be the tenth annual Statement presented since the creation, in 1859, of the office which I have the honour to hold.

Following the practice of my predecessors, I shall divide my exposition into three parts, namely, the "actuals" of 1867-68; the "regular estimate" of 1868-69; the "budget estimate" for 1869-70. Slightly veiled under these technical designations, my meaning is just this: I shall exhit the finances, firstly, as they have really turned out for the year that is past; secondly, as they are almost certainly turning out for the year that is present; thirdly, as they are expected to turn out for the year that is to come.

The first part of my subject, then, relates to the finances of the past year 1867-68. My Right Honourable predecessor, Mr. Massey, showed in his last statement that the receipts had risen from 46⅞ millions sterling in the budget estimate to 48¼ millions in the regular estimate. In the statement of actuals which I have now to produce, these 48¼ millions have risen further to a little less than 48½ millions. In other words, the income of that year has turned out actually 1⅜ million more than what was originally estimated. This is so far very satisfactory.

On the other hand, the general and ordinary expenditure of that year has actually turned out to be nearly 49½ millions, being 2 millions more than the budget estimate of 47½ millions. Of this increase half a million arose in India, and the remainder occurred in England.

Thus it is that although the receipts of that year rose much more than was anticipated, the expenditure rose even more. And the result shows 49½ millions of expenditure to only 48½ millions of receipts, or an actual deficit of more than a million.

Appendix, No. 3.

But the statement of general and ordinary expenditure, as I have just given it, will be found to differ from that presented by my predecessor. It will be remembered by this council that last year he explained the distinction which had been introduced between ordinary and extraordinary expenditure. In the extraordinary expenditure he proposed to include not only the great irrigation works and the special works at Bombay, but also a part of the expense of military barracks, of roads, and other public works. After further consideration it has been decided, with the express approval of the Secretary of State, that only such works as those for irrigation or for the special land funds at Bombay shall be counted as extraordinary; and that all other public works, including military barracks, communications, and the like, shall be treated as ordinary. The principle of the distinction is clear. All public works, however beneficial indirectly, are to be provided for from the ordinary income of the year; and those works only are to be treated as extraordinary and provided for by loan which will yield a direct cash return to the Treasury. In order to meet this view, the original budget estimate and the statement of actuals have been slightly re-arranged. And the consequence is the exhibition of a deficit as already set forth.

Besides the ordinary expenditure thus revised, there was also an expenditure of more than half a million on extraordinary works, according to the improved definition. This added to the 49½ millions already shown brings up the total to more than 50 millions.

Thus the financial out-turn of the last year, 1867–68, has been a deficit of a million, including all ordinary expenditure, or a deficit of more than a million and a half, including extraordinary expenditure.

This result, running counter to some arguments heretofore used, does no doubt read us a lesson; especially as it follows on the heavy deficit of 2½ millions left by the preceding year, 1866–67.

So much, then, for the finance of the last year, 1867–68, as now proved by the event. And before quitting the region of actual event, I would observe that in respect to the revenues and resources of India, experience shows that the estimates, in the aggregate, however favourable, are almost always outstripped by the reality. Just as wave passes wave in a rising tide, so one budget after another springs up in an ascending scale. Then although each budget estimate has surpassed its predecessor, it in its turn has been usually surpassed by the regular estimate as the year advances, which, again, has been generally surpassed by the statement of actuals after the year has closed. Such experience does indeed inspire hope.

But then unfortunately the same process happens with the expenditure, and the consequence has been that of the eight years that elapsed from the commencement of our budget system in 1860 up to the end of last year, three only were years of surplus, while five were years of deficit. In one year, however (1861–62), the deficit was but small, so it may be said that half the period, or four years, have been remarkable for surplus or equilibrium; while deficit has been characteristic of the remaining half.

All these deficits occurred notwithstanding that within this brief period, that is, since 1859–60, our income grew from 39 millions to 48½, showing increase of 10 millions, or more than 20 per cent.; which increase has accrued not by territorial accession involving counter expenses, but by regular development; and notwithstanding that there has been no considerable war, and that general peace has prevailed. Nor can these deficits be attributed to expansion of military and defensive establishments, for, on the contrary, the military and marine charges (incurred either in England for India, or in India itself) have fallen by full 50 per cent. The real growth of expenditure, then, has been on account of general administration or of public improvement. This fact is, on the one hand, satisfactory, as showing that the expenditure has been directly for the advancement of the people of India, the money having been spent on the country itself. On the other hand, it affords a warning that such increase being not absolutely unavoidable (however beneficial) must either be sternly kept down, or else, if it be maintained in the just interest of the country, then that some augmentation of our resources must be secured.

Again, although the retrospect of increase upon any given period, like a decade of years, is gratifying, yet the gratification would be abated if the increase were to be strictly analysed. For, on the whole, the land revenue within the period has not materially increased; doubtless the settlements, permanent or for long periods, prevent such increase, but then re-settlements in several parts of India have been made on expiry of old settlements, and yet for the country at large the net result has been to keep the total much as it was. The customs have not increased; there is nothing wonderful in that, inasmuch as the duties have been so largely reduced. No doubt the salt revenue has much risen; but then the duties have been greatly raised in some provinces. So also the opium revenue has risen; but the causes of that progress are extraneous to India. On the whole, nearly half of the 10 millions of increase has sprung from the two items of salt and opium. The rest has arisen from several sources, among which must be included assessed taxes. Thus our progress, though on the whole considerable, is yet not such as would indicate any rapid development of those national resources on which the State can rely. This progress, therefore, is not at all such as should inflate us with undue confidence or lull to sleep our financial vigilance to maintain the equipoise of income and expenditure.

Sir Charles Trevelyan, speaking in 1863, expressed a fervent hope, not yet realised, that the deficit of 1861–62 would prove to be "the last of the long series of Indian deficits."

My predecessor, Mr. Laing, addressing this Council in 1861, spoke with a just horror of a chronic

a chronic deficit in time of peace. Mr. Laing graphically described such a deficit as a "huge bully, with whom weary rounds must be fought, who must never be allowed to claim a cross or a drawn battle, but who must be gone into and finished." Again, he likened such a deficit to "an Indian tiger into whose carcase a parting shot must be fired." Lastly, he said that if deficit could then be only "extinguished," the Chancellor of the Exchequer might "renounce his taxing art, and like Prospero bury his magic "wand fathoms deep." And surely enough he did succeed in drowning deficit for a time. For that year there was a deficit so slight as to be inappreciable. For the two following years there was a surplus. For the next year, too, there was but a small deficit. But now for two years past the deficits have reappeared. And for the current year I shall have to tell the old tale of deficit. Thus, alas! deficit, though scotched, was not killed after all. But the "bully" of Mr. Laing's time is in these days up in arms again; the "tiger" has come back to life; the smouldering flame not finally "extinguished" has burst out again in our finances.

I now come to the second part of my subject, the current year nearly expired, 1868–69.

The budget estimate for this year presented by Mr. Massey showed the receipts at 48½ millions. But as the year has advanced, and as the known figures of eight months out of the twelve have enabled us to correct the budget estimate, we have been obliged to bring up the anticipated amount to 49¼ millions, showing a satisfactory augmentation of three-quarters of a million. The increase distributes itself in a normal and natural manner over the many branches of our income.

The only items which I shall select for notice are customs and opium.

In round numbers the budget showed 2½ millions for customs; the regular estimate shows 2¾ millions, or an increase of a quarter of a million, which is very satisfactory so far as it may indicate the progress of trade. The budget estimate for 1868–69 was taken at 2½ millions, being in excess of the preceding budget (2⅝ millions), notwithstanding that during the year there had been numerous remissions of petty duties, some 40 articles having been removed from the list of dutiable imports, and 88 articles from the list of dutiable exports. Still the budget estimate rose, just confidence being felt in the elasticity of the trade. But this rising budget has, as we have just seen, been outdone by the probable results, the estimate of 2½ being brought up to 2¾ millions. The increase is almost equally distributed among our principal ports, Calcutta, Bombay, Madras, and Rangoon; and also between the two headings of imports and exports. There is increase in the fiscal yield of such imports as silks, as metals, as stores and materials. The importation of English piece goods has been well sustained: but unfortunately the drought and distress in northern India affecting many classes of natives who are customers for our English fabrics, has caused many markets in the interior of the country to be slack and dull.

While on the subject of customs, I shall note that we have recently issued for the first time a volume of the statistics of the foreign trade and navigation for British India, prepared after the model afforded by the Board of Trade in London. Whatever may be said as to the deficiency of current statistics in India, such remarks will no longer apply to the returns of our foreign trade. Now, what does this volume show? Why, that the total foreign trade (merchandize and treasure) amounted to 101 millions in value in 1867–68, against 95 millions in the preceding year, showing an increase of 6 millions, or 6 per cent. Just nine years ago, in 1860, Mr. Wilson, when describing the financial dangers of that era, mentioned as a pillar of strength the fact that in three decades of years (that is, 30 years) the trade had sprung from 14 millions sterling in value to 60 millions. Since then another decade has passed away, the 60 millions total has risen to more than 100 millions, and the trade is still rising fast. Again, in Mr. Wilson's time, the Customs revenue was just under 2¾ millions. It is a little over that now: and this notwithstanding that the duties have been reduced from 20 and 10 per cent. to 7½ and 5 per cent., and that full 130 articles have been wiped out from the list of dutiable merchandize at the Customs House. Although only one-half or one-third of the old rate of duties is now taken, nevertheless the revenue has more than recovered itself within nine years.

Further, these latest trade returns disclose some striking facts indicative of that sort of prosperity which is the real basis of national finance. For instance, India is now taking annually full 20 millions sterling worth of English fabrics, cotton, silk, and woollen. On the other hand, she is sending away annually to England and the colonies some 8 millions sterling worth of her agricultural produce, grains, seeds, and fibres, skins and wool. This, too, is exclusive of opium and cotton. The manner in which the exportation of cotton—on which the wealth of Central and Western India so largely depends—has been sustained, even since the close of the American war, is remarkable. Before the war, that is, before 1861, India used to send to England not more than one-fourth of the quantity which America sent. During the war, while the American production fell off, India exported as much as a million and a half of bales a year, and is still sending but little less than that quantity. The American cotton has now of course regained somewhat of its former position. But still the quantity seems hardly to exceed the 1½ or 1¼ million of bales which India now contributes. The great position which India is acquiring in the cotton marts of England is owing not only to the stimulus afforded by the American war, but to the efforts persistently made by the British Government through its own special commissioners to improve the culture of the indigenous staple; to ensure the produce being properly cleaned and packed, and transported without damage to the seaboard; all which is aided by the pressing with European machinery fast springing into use in the interior of the country. Again, the progress is remarkable with the articles produced in India chiefly through the exertions of our own countrymen. For India is now sending away annually eight millions

Appendix, No. 3.

of pounds of tea and 37 millions of pounds of coffee; while the value of her indigo export is nearly two millions sterling per annum, and of her silk 1½ millions. That these results should be achieved through the direct agency of a handful of non-official English gentlemen is one among the many wonders of the time.

Next, for opium, in round numbers the budget estimate showed under 8½ millions: the regular estimate shows upwards of 8¾ millions, being an increase of half a million. This arises not at all on the Malwa or Bombay opium, but almost entirely on Bengal opium. So far as can be seen the Malwa opium is yielding much about the amount that was anticipated. The duty being a fixed duty of 600 rupees a chest, the fiscal yield depends entirely on the number of chests sent for exportation, and that number has as yet corresponded closely with the estimate. But the prices obtained at the Calcutta opium sales have gone considerably beyond the budget estimate. In that estimate Mr. Massey assumed a price of 1,250 rupees (125 *l.*) per chest. For the previous year he had assumed only 1,150 rupees. Finding that this latter estimate had been exceeded by the reality, he decided to go higher for this year, and so he took 1,250 rupees, an apparently high rate, according to experience of several recent years, expressing however a good hope that this enhanced estimate would prove moderate, and would be outdone by the reality. And, surely enough, it has been so outdone. For up to date the auction prices have averaged 1,380 rupees a chest, and sometimes have even over-topped the high price of 1,400 rupees. Further, this fiscal increase has accrued notwithstanding that the Bengal authorities have only been able to bring 47,285 chests into the market instead of 48,000, or 765 chests short of what was to have been expected. This deficiency of supply was caused by the shortness of the crop of last year in the Behar province, which for want of seasonable showers was less than it should have been on the area under culture.

The receipt side for 1868–69 being thus satisfactory, how stands the expenditure side? Now here the first noticeable feature is this, that the ordinary expenditure of all kinds, according to the improved definition, has risen from 46½ millions in the budget estimate to 50¼ millions in the regular estimate, showing an increase of 3¾ millions. But this increase is not really so formidable as it looks; for by the improved classification 1¾ millions for military buildings and for communications and embankments, which were excluded from the ordinary expenditure in the budget estimate, have now been included, causing, of course, a corresponding diminution of the extraordinary expenditure. And this leaves two millions of increase to be accounted for.

Now the Council will be glad to hear that this increase has not arisen upon the ordinary civil and military charges incurred in India. On the contrary, these heads of charge show rather a saving than otherwise. For instance, the regular estimate shows a reduction on the budget of 60,000 *l.* under the charge for collecting land revenue; of 50,000 *l.* for collecting the salt revenue; of 75,000 *l.* under law and justice; of 70,000 *l.* under police; of 100,000 *l.*, for the army, and this saving has been effected after defraying the extra charges (some 50,000 *l.*) for the recent expedition in Hazara. All these savings speak volumes for the rigour with which economy has been enforced during the year by the various executive authorities, and for the precision now attained in our system of audit and account. On the whole the budget expenditure for civil and military charges in India stood at 35¼ millions, and the real expenditure comes out at that very sum with but a slight difference. And even that difference is explained by our having paid 200,000 *l.* (not originally estimated for) of Berar surplus to the Nizam in the just discharge of our obligations on that score. Much has often been said of the uncertainty of Indian accounts. These figures go to show that as regards the civil and military expenditure in India—which is, of course, well under our control—there is no such uncertainty, and that what is budgetted for under these heads will not materially be exceeded.

Where, then, has the increase over the budget estimate occurred? Why, it is attributable to public works ordinary, to expenses connected with railways, and to unavoidable expenditure in England, as I must proceed to show.

The budget grant for public works ordinary amounted, according to the improved classification, to 5⅔ millions. The regular estimate shows that expenditure will be incurred up to six millions, showing an increase of one-third of a million. The increase has arisen from various causes, among which may be mentioned the outlay on central gaols, and the execution of works for the relief of the population suffering from scarcity in the drought whereby some parts of India are visited.

I have just above stated that 1¾ millions classed in the budget under extraordinary expenditure had by the new classification in the revised estimate been transferred in the ordinary expenditure. Of this amount, 1⅓ million is for the great military barracks. As explained by my predecessor last year, the scheme for new barracks for European troops throughout India was to cost from 10 to 11 millions, and the work was to be done in a period of five years. It is hoped that the estimated cost may not be materially exceeded, but to secure this result the most unremitting vigilance will be needed. Be this as it may, however, the period of construction will certainly be prolonged, for the five years have now elapsed, but the work is not half done; and out of the 10 millions only five have been spent, leaving at least five yet to be laid out. But the designs had to be elaborated by the best military engineers in India; and then sent to the first sanitary authorities in England for approval. Then new sites had to be selected after long inquiry as to salubrity and the like. Thus, despite every care and anxiety to push on the work, the progress for the first few years was not rapid. More recently, however, the plans having become finally settled, and the establishments fully organized, great progress has been made, and during the current year

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no less than 1½ million is being expended on these buildings. The result is that noble structures, providing for the married and unmarried soldier quarters equal to the best to be seen in any country, are rising up at Allahabad, at Lucknow, at Hyderabad, at Poona, at Bangalore, at Indore, and at many other stations. Nothing that science can suggest to make these quarters healthy and comfortable for the troops has been omitted. At the present rate of progress and of expenditure, it is hoped that the work will be finished some six years hence, which with the years already occupied will make a period of 11 years.

Out of the 5 millions as yet spent on the barracks, whether the greater part has been really borrowed or not, I shall presently explain. But the remainder, amounting to some five millions, is certainly to be provided for from the revenues without any borrowing on this account. This is a matter lying at the very root and foundation of the Government itself, to which our fiscal resources ought primarily to be devoted. The provision thus required is therefore one of the most pressing needs of the day. And as days are like years in the life of a nation, the meaning is, that the need of the day shall in this respect be met financially in the day, and shall not be put off till the morrow and the day after the morrow. At one time indeed there was hope that inasmuch as this was special expenditure, the advantage of which would be felt for ages to come, the whole cost should not fall on us now living, but should by the process of borrowing be partly transferred to those who shall come after us. But reflection shows that those who come after us will have plenty to pay for without paying for any part of these barracks. Will anyone say that when these barracks are finished there will be nothing more of importance to be done in this direction? Is there not sanitation to be carried out at our cantonments and stations to an extent which at present can be but dimly foreshadowed? Are there not our coast defences and fortifications to be provided for? Is there not our marine to be strengthened, a subject which has been alluded to more than once in this Council? Again, by reason of so large a proportion of our means being appropriated to military buildings, the expenditure on some other kinds of public works, especially roads, has unavoidably lagged and halted. Recently we have not spent quite so much as we once were spending on our internal communications. When, therefore, the financial pressure for military buildings shall be somewhat lightened, renewed vigour will be required for the roads, particularly those which are called railway-feeders, as leading from the interior of the country to the various stations,—which are to supplement our railway system, and to be, as it were, the veins to the main arteries.

Speaking in 1867 regarding this very barrack expenditure, Mr. Massey made a remark which is so apposite and judicious that I shall quote it here. He said, "I should have preferred going on as hitherto defraying this charge, special and temporary as it is, out of the revenues of India. If a financier were to lay down any precise rule of separation between ordinary and extraordinary charge, there is scarcely a year in which he might not have a plausible pretence for transferring charge from revenue to capital account. I do not know how long such a process might go on. But sure I am that sooner or later it would end in a collapse of public credit."

Such was the dictum of Mr. Massey, to which I heartily subscribe. The principle on which canals and State railways are provided for by loan is intelligible. But if barracks are to be thus treated without any clear principle and removed from ordinary expenditure, then I know not what item might not be next removed, till at last we embarked on a course of borrowing that would be fit only for bankrupt exchequers.

There is one instance of decrease under the head of Public Works, which is this; the item of "Loss by exchange on railway transactions" has fallen from 122,700 *l.* in the budget to only 29,700 *l.* in the regular estimate. At present the practice is this: in India our exchequer advances all that is required for the construction of the railways, and receives all the traffic receipts, in virtue of arrangements originated so far back as 1849. Both our payments and our receipts are accounted for to the principal railway companies at a fixed contract rate of 1 *s.* 10 *d.* for the rupee, a rate as yet below the actual exchange and below the exchange of 2 *s.* for the rupee, which for convenience sake is adopted in all the accounts between the Secretary of State and the Government of India. Thus there is a loss on all our payments and a gain on all our receipts, in the present state of the exchanges. As yet our payments exceed our receipts and the loss therefore exceeds the gain; the net result being as shown in the statement. Hereafter, when, as we may hope, the net traffic receipts shall exceed the advances for construction, the loss will disappear, and in its place there will be gain on exchange. Meanwhile the loss in this year has been less than the estimate, partly by reason of increased traffic receipts, and partly because the advances for construction have been less than what was expected.

The several items of Public Works Ordinary which I have thus described make up the total to six millions, which total amounts to about 12 per cent. upon the revenues.

The next noticeable item is that of "guaranteed interest on railway capital, less net traffic receipts," which has risen from 1¼ million in the budget to nearly 1⅔ million in the regular estimate; or showing an increase of nearly half a million. This has arisen from the estimate in India for gross traffic receipts being less than what was originally expected.

This technical description is really pregnant with significance as representing transactions of mighty import. For what does it signify? Why, it signifies that on 77 millions of capital raised for the construction of railways in India, there accrued during the year 3¾ millions of interest due to the shareholders under guarantee from the Indian Exchequer; that the gross traffic earnings of the year on 4,000 miles of railway opened in India amounted to 5¾ millions paid into our treasuries, reduced by the exchange to 5¼

Appendix, No. 3.

millions; that the working expenses, amounting to 3 millions, left 2¼ millions of net traffic receipts; that the 2¼ millions net traffic receipts deducted from the 3¾ millions of guaranteed interest left a sum of 1½ million shown above as ultimately debitable to the finance of the year. Originally there used to be doubts as to whether the natives of India would adequately appreciate railways. The truth is, that during this present year the public in this country is voluntarily paying 6 millions sterling to obtain the advantage of railway conveyance for passengers and goods, that in the year some 3 millions of tons of goods are conveyed by rail, and that the return of passenger journeys amounts to 16 millions. As regards the national growth of British India it is difficult to conceive figures more eloquent than these.

In the first budget statement ever submitted to this Council, in 1860, Mr. Wilson gave the gross traffic receipts for that year at a little over half a million, and the working expenses at a quarter of a million, leaving a net receipt of something over a quarter of a million. This he declared to be "a most gratifying fact, one which augurs well for the future." Would that he were now alive to hear that in this the 10th budget statement submitted to this Council the half million of gross receipts had grown to near six millions and the quarter of a million of net receipts to between 2 and 3 millions; that within 10 years the increase had been tenfold or nearly elevenfold.

The last item to be noticed is that of net expenditure in England, including stores, which has risen from 6½ millions in the budget to 7¼ millions in the regular estimate, showing an increase of more than three-quarters of a million. This account being received from the Secretary of State must be implicitly accepted. The augmentation has arisen under various heads, such as the Indo-European telegraph; the marine stores; the passage of officers and troops overland. There is one important item actually incurred and not provided for in the budget, namely, 92,000 *l.* for the construction of two monitors or floating batteries for the defence of the Bombay harbour. Considering the needs of that harbour we feel particular pleasure in admitting this item into our accounts of the year.

Thus .1 account for an ordinary expenditure of 50¼ millions, which, as compared with the ordinary income already shown, 49¼ millions, leaves a deficit of just 1 million.

Under the head of Extraordinary Public Works, the first item is the outlay on irrigation works, for which 800,000 *l.* were provided in the budget, but on which 852,000 *l.* are being expended in India. One main cause of the increase is the amount advanced by the Government to enable the Irrigation Company of Orissa to prosecute its life-giving work during a period of awful distress in that province, and by the immediate outlay consequent on the prosecution of these operations being undertaken by the State.

The next item is that of nearly half a million for special works at Bombay, which item really represents advances from the treasury for certain reclamations and other operations on lands at Bombay, advances which we hope to recover hereafter when the value of the said property shall be realised.

Under the same head we have, subject to the approval of the Secretary of State, opened out a new heading, which was not provided for in the budget, and that is "State Railways." These are reproductive works, calculated to yield an actual income to the State sufficient ultimately for the provision of some interest on the capital outlay. In his statement before this Council last year Mr. Massey alluded to the commencement, by direct Governmental agency, of the construction of the railway from Lahore to Peshawur. Though important preliminary arrangements have been made during the year for this line yet the expenditure is trifling, only 12,000 *l.* The sum which now appears in the regular estimate, half a million, is nearly all for the Calcutta and South Eastern Railway, which as the Council knows, runs from this city to the new Port Canning on the Mutla river. This line has been taken over by the Government at a charge amounting in the aggregate as above. Of this, nearly 200,000*l.* have been incurred in India, and the rest in England. At first the line was unremunerative, but under its present good management it begins to pay its working expenses.

The total extraordinary expenditure, including the sums above mentioned for irrigation, for special works at Bombay, and for State railways, will amount to 1¾ million. This exceeds the corresponding expenditure of the preceding year, 1867–1868, which was under three quarters of a million.

On the whole, the grant for the public works, ordinary and extraordinary, of the year amounted to close upon seven millions, and is about as large a grant as has ever been made. But it is being exceeded by the expenditure, which will amount to 7¾ millions, the excess being three-quarters of a million, and the expenditure being decidedly the largest ever yet attained in one year. It is important to notice this, because, in former budgets, considera tion has been justly had to the probability of the grants or allotments for public works not being fully used.

The result of the regular estimate, then, is an ordinary expenditure of 50¼ millions which, with an extraordinary expenditure of 1¾ millions, swells to 52 millions. The 50¼ millions of ordinary expenditure, compared with the revenue of 49¼ millions already exhibited, shows a deficit of one million. The 52 millions, including extraordinary expenditure, shows a deficit of 2¾ millions. The Council will remember that the budget estimate showed a total expenditure, ordinary and extraordinary, of 49½ millions, against a revenue of 48½ millions, with a deficit of one million. But, as the year advances, it is seen that this deficit is becoming more than doubled in the regular estimate, and the expenditure of the year is exceeding the budget by 2½ millions. I may state, in recapitulation of what has been already explained, that this excess has hardly at all arisen on civil and military

expenditur

expenditure in India, but has really arisen on the purchase of a railway by the State on the guaranteed railway interest, on public works ordinary, and on the expenditure in England.

The Council will remember that, in his statement of last year, Mr. Massey mentioned that we should begin this twelvemonth with 800,000 *l.* in hand, unexpended balance of loans, and expressed a hope that no borrowing would be resorted to during the year. It will now have been seen that the above balance has been more than used up for irrigation alone. Besides that there have been the other extraordinary works above described. And it has accordingly been found necessary to borrow to a limited extent in England, that is, about three-quarters of a million.

	£.
Raised in England - -	1,236,000
Less debt discharged - -	502,600
	733,400

We began the year with a cash balance, as now actually ascertained, of 12 millions, which was at that season enough, and no more. Besides the increase of the deficit, these balances were reduced to the lowest ebb compatible with safety, by an important cause which I will now mention.

During the past and the present years (1867–68 and 1868–69), the Indian exchequer has had to advance most of the sums required for the expedition to Abyssinia. These advances, from first to last, have amounted to about seven millions, being fully two millions more than the anticipation. This aggregate represents only the sums chargeable to the English Government, exclusive of the ordinary pay of the troops that proceeded from India, which is chargeable to India. With such events in progress, all foresight as to the total amount was of course baffled. These sums are recoverable from Her Majesty's exchequer, and they are being duly recovered from time to time; the greater part, indeed, has now been repaid. But as the advances had to be made on the instant, and as the recoveries must necessarily occupy some little time, the pressure meanwhile became severe on our treasury. As temporary emergencies arose, the Bank of Bengal and the new Bank of Bombay rendered aid, partly with their own available balances, and partly with the balances which the State has to keep with them under the agreements. Besides this, the Bank of Bengal afforded temporary and special loans which, from first to last, aggregated 1¼ millions. These loans have been already paid off in part, and the rest is in course of repayment.

Further, the accounts of the expenditure incurred in India for Abyssinia are being made up at Bombay. Although the forces only in July last returned from the expedition, yet by this date some six millions, or nearly the whole of the expenditure, have been adjusted and passed. Those who remember how the accounts of former campaigns in Affghanistan, in the Punjab, in China, used to drag their length over years and years, will appreciate the changes which have been introduced into the account department.

Thus ends the year 1868–69, with a deficit on ordinary income and expenditure, being the third consecutive year on which deficit is leaving its mark. The deficits of the three years amount to just 4½ millions, total deficiency on income and ordinary expenditure, viz., the deficit in 1866–67 of 2½ millions, that in 1867–68 of 1 million, that in 1868–69 of 1 million. These are, of course, exclusive of the extraordinary expenditure since 1867–68 on reproductive works, which I do not reckon here at all.

But how has this aggregate deficit of 4½ millions been met? Why, by loans. During these three years 6½ millions have been borrowed, either in India or in England, and added to our national debt. Of this sum there were 2 millions expressly borrowed for extraordinary and reproductive works, and certainly this money has been fully and fairly devoted to its proper purposes, for during the three years the total outlay on irrigation and on the Bombay special works have exceeded 2 millions; indeed it has come up to 2½ millions. Besides which one railway has been purchased for half a million. So that in truth we have spent 3 millions for these reproductive works. Again, for the barracks 3½ millions have been expended within the three years. Thus the loan money is fully accounted for.

Years.	India.	England.	Total.
	£.	£.	£.
1866–67 - -	600,000	2,641,000	3,241,000
1867–68 - -	1,329,800	1,163,907	2,493,707
1868–69 - -	- - -	724,000	724,000
		TOTAL - - £.	6,459,607

On the other hand, as the barracks are now included in the ordinary expenditure, the 3½ millions spent on them within the three years may go far to account for the 4½ millions of deficit. In other words, it may be said that the balance of the loan, after defrayal of the reproductive works expenditure, which balance amounts to just 3½ millions, has gone to make good in part the deficits between income and ordinary expenditure.

From this point of view we might hold that had it not been for the barracks, the deficits on ordinary income and expenditure would not have occurred, and these loans would not have been necessary. But it would thence follow that the new barracks have, for the most part, been constructed from borrowed money.

When my right honourable predecessor (Mr. Massey) spoke of surplus or equilibrium during these years, he was correct according to the view then adopted, whereby the barracks were excluded from the account. Now, however, that it has been decided, with the express sanction of the Secretary of State, that these are to be included, we must face the plain fact that we have been and still are in a state of deficit. It is essential to place this fact in a clear light, in order that we may adequately arrange for the coming year. For the difficulty, though not serious, is yet such as to demand decisive measures for its immediate termination.

But while giving this explanation in justice to what has been previously done, I do not at all mean to admit that the barracks ought to be selected as the cause of deficit. On the contrary,

Appendix, No. 8.

contrary, I say that barracks ought not to be thus singled out from our general expenditure.

Before quitting the present year I must crave a few moments for the mention of one or two administrative measures connected with finance.

The circulation of the State paper currency has now risen above 10 millions, it has more than once approached 11 millions. When the Government took this matter up six years ago, the total note circulation of the several Presidency banks amounted in all to 3½ millions. Within this period, then, the circulation has trebled, and has now reached to about one-third of the amount, 30 millions, which its founder, Mr. Wilson, contemplated as the possible limit to which paper currency in India might ultimately expand. It has established itself not only at the Presidency towns, but at the great centres of the interior of the country, such as Allahabad, Lahore, Nagpore, and Kurrachee. During the year we have, by purchasing three-quarters of a million of public securities—virtually reducing the national debt by that amount—raised that portion of the reserve from 3¼ millions to 4 millions, the limit allowed by law. This measure was justified by the steady expansion of the circulation. The gross profits to the State from the Currency Department will amount to 170,000 *l.* annually. The notes, too, are used by merchants to the value of some millions annually for purposes of remittance, whereby great convenience has accrued to trade. Further improvements in the arrangement of circles of issue in order to facilitate the convertibility of the notes are under consideration.

The amount realised from the sale of waste lands now amounts to 300,000 *l.* This has been invested in Government securities, public debt to this amount being regularly cancelled. This seemed necessary in order to give full effect to the intention of the law.

The provision of an effective gold currency for India has engaged our earnest attention. The offer of 10 rupees for the sovereign at our treasuries by the notification of 1864 having been found by experience to be insufficient to attract sovereigns and to fulfil the declared intention of facilitating the circulation of that coin, we determined in November last to offer *Rs.* 10.4. for the sovereign, a rate more nearly approaching to its intrinsic and market value. This measure has met with some success, for already upwards of 100,000 sovereigns have been received at our treasuries and taken out again by the public. We have also removed the prohibition existing since 1852 against receiving at our treasuries the gold pieces coined under Act 17 of 1835, of which coin numbers (more than 1⅓ million) have been and still are being coined at our mints in exchange for gold bullion received from the public, a sure proof of the popular demand for them. Thus, by improving the rate offered for the sovereign, by assimilating it to the standard established by law for coinage of gold in India, by restoring the status which the Indian gold coins properly possess, and which they only lost casually in 1852, we hope to obtain such a circulation of gold coins in India as may hereafter justify their being declared to be legal tender. I cannot pass from this topic without recounting the aid derived from the special knowledge and experience of Mr. Dickson, Secretary to the Bank of Bengal, and of our colleague, his Excellency Sir W. Mansfield. Indeed if India, by the means now adopted, shall enjoy the benefit of a gold currency, that will be largely owing to the exertions of his Excellency.

The Government savings banks at the three Presidency towns are flourishing; they have in all some 25,000 depositors, chiefly native, and some 650,000 *l.* of deposits. Their success has encouraged us to devise measures for the ramification of these institutions throughout the interior of the country.

The "Money Order Department," established on the model of similar departments in England, has attained a considerable development throughout India. Its transactions during the year amount to an aggregate of a million sterling. The further expansion of the system is under consideration.

In the Postal Department we have decided to carry half a tola, instead of the quarter tola, for half an anna. This concession to the public is justified by the increase of correspondence since the reform of the postage in 1854, the number of covers, public and private, having risen from 30 to 70 millions annually; the receipts from private postage having risen from 200,000 *l.* to 400,000 *l.* per annum, and the department having so extended as to cover 50,000 miles of communication, and to number 20,000 employés.

Following the postal principle, we have substituted for the electric telegraph fixed rates for all distances, instead of the former tariff, variable according to distance. Accordingly, a message of 10 words can be sent to any part of India for a rupee. It is hoped that a stimulus will be hereby applied to telegraphic communication in this country.

The prices commanded in the market by our Government securities have been satisfactorily high. During the current year the premia on the Government 5 per Cent. stock have ranged up to 10 per cent.: those on the 5½ per Cent. stock up to 15 per Cent. The prices of the Indian stock created in England appear to have been at least as favourable, perhaps even more so. These rates indicate that our credit stands as high as, or higher than, ever, and will bear comparison with that of other prosperous nations. Such facts, too, contrast happily with the state of things but a few years back, when our stock was at discount, and when our open loans would not fill. But this credit, so mighty a resource to Government as well as to individuals, can only be maintained by our ensuring public confidence in our firmness and resolution to produce an equilibrium of income and expenditure.

I must acknowledge, after trial and proof, the remarkable improvements introduced into our system of audit and account by the Commission from England, consisting of Messrs. Foster and Whiffen, appointed at the instance, and acting under the supervision of my predecessor, Sir Charles Trevelyan.

I have

Appendix No. 3.

I have given much thought to a subject which has long engaged the attention of the Government of India, namely, the financial relations between the Central Government of India, and the Local Governments of Madras and Bombay. I cannot say more at present, as the question is still under consideration.

I have now cleared the way for dealing with the third and the most interesting part of my subject, namely, the budget estimate for the coming year, 1869–70. I shall touch first on the receipts, and then on the expenditure.

The total of the revenues for the coming year is taken at 49½ millions, being a little over the amount which we are receiving for the present year. This total of 49½ millions is the highest at which the revenues of British India have ever been set down, and it exceeds by three-quarters of a million the budget estimate presented this time last year. The Council will be doubtless gratified to see that I am able to present such a statement; still a glance at the main items of revenue will show that the estimate is scrupulously moderate. The great heads of land revenue, of customs, of salt, of opium, are all taken at fairly low figures.

If the seasons had been less unpropitious than they have been, then these amounts might have been higher. If we shall hereafter be blessed with copious and timely rain, the estimate of income may be fortunately exceeded.

Regarding those items which depend on the state of trade, we have framed our estimate after consulting all the best informed authorities on the spot, and after revising the tariff valuation, in order to suit the depressed prices obtained for various staples of commerce.

Regarding those items which depend on the state of the harvests, we have looked to the consequences of the drought by which some parts of India have been suffering. The recent rains, life-sustaining, though so long delayed, with which the country has been refreshed, have no doubt improved our prospects. The gloom which overspread some provinces has been brightened, and drooping spirits have been resuscitated among an industrious population which had for months been gallantly struggling with adverse circumstances, alternating between hope and despair, and striving with fortitude, diligence, and foresight, to supplement, artificially, those resources which the natural seasons had failed to afford. At this crisis the railways have been of signal service to humanity, for they have carried, first and last, some 50,000 tons of grain food to the hunger-stricken districts during this season. The Ganges and Jumna canals, too, have, during the year, nearly doubled their irrigation, and have watered nearly a million of acres. So praiseworthy have been the efforts of the people, that even now, at this late hour, it is thought that the worst, for which we were so fully prepared, may yet be averted, and that if only a bountiful rain shall be vouchsafed next season, the country will recover from the effects of the visitation. In that case the agricultural resources, on which our land revenue depends, may not prove to be impaired, and the tolerably favourable estimates now presented may stand good. But if the next rains shall be at all unpropitious, and a second misfortune be piled upon the first, then the result will be too sad and serious for anticipation.

These considerations have specially affected the opium revenue. The province of Behar, the very home of the poppy, has been among the most drought-stricken districts of all. The crop, short last season, will be shorter still this season. The number of chests brought to sale this year has been below the standard* by some hundreds of chests; next year it may be deficient by some thousands. For Bengal opium the exact number of chests has been taken month by month. This number is certain for three-quarters of the year. The uncertainty is in the price to be realised per chest. The average price has been assumed at 1,330 rupees (133 *l.*) per chest, that being about the average actually realised during the past three years, though less than the average, 1,380 rupees (138 *l.*) per chest, obtained during the current year. For the Bombay opium, the full amount has been taken according to the experience of the present year. The total result of the opium revenue has been further tested by the gross average of the past three years, which, amounting to 8⅓ millions, sufficiently bears out the sum, 8¼ millions, now set down. Thus, although the sum estimated for the coming year is half a million less than that which is being realised in the current year, and is below the average of the three past years, thus showing a really cautious estimate, yet it is as high a sum as could safely be taken in the face of the deficient supply with which we are but too certainly threatened. The Council will see that the whole of the expected revenue has been taken credit for without any reserve being formed.

*48,000 chests.

The Government of Bengal is taking active measures for increasing the supply of opium for the China market to 50,000 chests annually, and for securing a reserve supply (of at least 10,000 chests) which may assure the public as to the quantity to be brought to sale, and may conduce to the checking of undue speculation in prices. There is fear that unless the supply can be improved next season after these two deficient seasons, the cultivation of the poppy in China itself will be stimulated. For some time past positive accounts have been received of the increase of this culture in China; so it is clear that unless Bengal produces enough opium, the Chinese will raise it for themselves, and if the Chinese will have opium, they may as well get it first rate from us, as second rate at home, and they may as well consume it taxed as untaxed. Again, if they do not procure it from us, they might procure it from other countries of Asia. The culture of the poppy in Persia is increasing, and some 4,000 chests are exported annually from that country to China. The propriety of substituting an open excise system in Bengal for the present direct governmental agency has been under consideration; but the propriety of such a change on either moral or practical grounds is not as yet established to our satisfaction. On the other hand, it is a serious thing to make a change in a case where such critical interests are concerned, where, despite fluctuations, the fiscal progress has been so great and so steady, and

Appendix No. 3.

where the system works well to the satisfaction and contentment of the peasantry concerned in the cultivation.

The revision of the salt duties throughout India has engaged, and is still engaging, our anxious consideration. The inequality in the rates of duty, and the market prices of such an article as salt in different portions of the empire, is indeed to be deplored. But though there are present obstacles, financial and other, in the way of equalisation, we shall bear this steadily in view as an object for ultimate attainment. But after all, what the northern people want, even more than reduction of duty, is increased facility of supply by the construction of railways to the saliferous tracts, and by the encouragement of local manufacture of salt, to all which matters immediate attention is being afforded.

As the Council knows, there is a revision going on of the schedules of the stamp duties; but no provision has been made for the fiscal effect of any changes, as they have not yet been finally determined.

The item of assessed taxes I shall reserve for separate mention after the balancing of income and expenditure.

Such, then, being the receipts, how stands the expenditure for the coming year?

The total of ordinary expenditure is set down at 49¼ millions, being some 50,000 *l.* below the total of receipts. In other words, there is a real equilibrium between expenditure and income sufficiently assured by the exhibition of a small surplus of 50,000 *l.* This expenditure is one million *less* than the expenditure of 50¼ millions for the current year, 1868-69, incurred for precisely the same purposes, and thus accurately compared.

There is a slight increase, after every practicable retrenchment, in several of the Civil Departments. The Council would be wearied if I entered on the details of this. Suffice it to say that the demands for administrative improvement in every direction are irrepressible; and these involve expense. Again, the general rise in wages and in prices of all things, which have doubled or even trebled within the last few years, and are still on the ascendant in most places, has for some time past caused, and is still causing, the former scales of pay and of salaries to prove insufficient. In justice to the many classes of its meritorious servants, the Government has been obliged to concede increase of emoluments to the employés of all grades, from the lowest upwards, in all departments, from 15 to 30 per cent. The only general exception to this has been the case of the Covenanted Civil Service, of which the emoluments remain much as they were.

There are only a few items of expenditure which need now be noticed. That for police amounts to nearly 2½ millions. The police of India under its new organisation was originally estimated to cost two millions; the subsequent tendency to increase has been largely owing to the establishment of municipal police.* Much care will be needed if the sum total is to be kept down at its present figure. The educational grant stands at upwards of 900,000 *l.*, or nearly a million, being slightly above the expenditure of the current year. The allotment for law and justice, including prisons, now exceeds 2¾ millions; and is constantly increasing from the creation of new courts and departments. The grant for medical services has risen about 15 per cent. within the last two years. This is owing to the substantial recognition of the medical profession by increased pay, and to the position which sanitation is fast asserting for itself. The cost of forest conservation is also rising: this is attributable to the organisation of professional forestry, and to the husbanding of that vast wealth in timber with which nature has endowed the continent of India.

The military expenditure in India is estimated at upwards of 12¾ millions, being almost the same amount as that which is shown for the current year. This is of course exclusive of some 3¼ millions of expenditure in England. The sums of 21 and of 16 millions are the highest annual figures which our military expenditure in India has reached. After the great retrenchments which took place between the years 1860 and 1863 upon the above amounts, the sum of 12¾ millions (in 1863-64) is the lowest figure to which our military expenditure in India has fallen. Since then the charge has slightly increased, notwithstanding that the European force has been reduced by some 7,000 men. It might be expected that such a reduction of force would have caused a considerable reduction of expenditure. Instead of this, however, there has been an *increase*, despite constant efforts to keep down the charges, a fact which points to the need for redoubled economy. The increase, so much to be regretted, is in part attributable to unavoidable causes, such as—

The warrant regarding the clothing and pay of the European troops, and the inducements to re-engagement at an earlier date.

The increased subsistence allowance to the wives and families of European soldiers.

The additional pay allowed to Native commissioned officers; the grant of good-conduct pay to the sepoys at an earlier date; the continuance of batta to men on leave; the increased rates of hutting money.

The increased pay of medical officers, of the medical staff and establishment, the reorganisation of the warrant or subordinate medical establishment.

The abolition of half batta.

The net cost of the staff corps.

The compensation to Native troops for dearness of provisions.

These main items have caused an increase of annual charge by 950,000 *l.*, to counterbalance which further savings are required, if such can possibly be made. Certainly there are

* For the charge for municipal and railway police there is a set-off on the receipt side of 300,000 *l.* for municipal and railway contributions credited to the State.

are categories of increased charge which call for restraint. The commissariat charges, though in some places creditably economical, are hardly so in all places. The charges of the hospital departments, of the Ordnance, of the barrack department, of the stud, of the army and garrison staff, are constantly mounting upwards.

The charge which some years hence will accrue to the State from the present organisation of the staff corps of India has engaged our anxious care. The question as to what measures should be adopted in respect hereto is still under consideration.

Doubtless the growth of army expenditure, though slight and gradual, requires check in every branch and detail, which check we shall assiduously apply.

For Public Works Ordinary, exclusive of railways, the allotment stands at 5¾ millions, being just over the amount expended in the current year, and being about the largest grant ever yet made for this important object. It includes nearly 1½ millions for the military buildings, of which the importance has been already explained, an amount which will enable the engineers to maintain the present rate of progress. This category includes all the expenditure for these buildings, of which not a farthing has been transferred to the heading of Extraordinary. Further, in Public Works Ordinary, including railways, every kind and sort of item has been included, save those for new irrigation works, for the Bombay special fund, and for State railways, which three items alone have been classed as Extraordinary.

The guaranteed interest on railway capital, less net traffic receipts, stands at 1½ millions, making up to about 15 millions, the amounts which the Government of India from first to last has paid for the cardinal advantage of possessing railways in the country. Inasmuch as the outlay for the thousands of miles of line yet to be constructed will be going on to the amount of three or four millions annually, it is calculated that this item of 1½ millions for guaranteed interest will not decrease for many years to come, but may increase to 1¾ millions. It is manifest that much depends on the administration of the railways, the merits or demerits of which might easily make a difference of a quarter or half a million in the State budget of the year. The growing importance of railway finance will hence be apparent to the tax-payers of India. After deduction of the working expenses from the estimated traffic earnings of the coming year, it is calculated that the East Indian Railway will be paying 4½ per cent. on paid-up capital, the Great Indian Peninsular three per cent., the Madras Railway three per cent., and the other lines from one to two per cent. It seems clear that some of the lines will certainly pay the five per cent., and will relieve the State of its guarantee obligation on more than half of the capital as yet laid out. But the remainder will not pay for some time to come, involving perhaps one-third of the aggregate capital, on which the State will have to pay permanently a part of the guaranteed interest. It is well to remember this, inasmuch as within the next 10 years another 30 millions on railways may probably be expended.

Such then, is the ordinary expenditure for the coming year, which has not been allowed to overbalance the income. But in order to explain exactly how this equipoise has been obtained, I must ask the Council to revert to the item of assessed taxes, of which I just now promised a further notice.

It will be seen that 900,000 *l.* are set down as the anticipated produce of assessed taxes for the coming year. The certificate tax of the current year is expected to yield 520,000 *l.* The same tax, had it been continued for the coming year, is supposed to be capable of yielding as much or more, say 550,000 *l.* But to this has been added 350,000 *l.*, making up the total of 900,000 *l.* shown in the budget. Now, by what means is the extra 350,000 *l.* to be obtained? Why, by converting the certificate tax into an income tax. Without this resource our income would fall short of our expenditure by more than one-third of a million, and a deficit to that extent would have been exhibited in this budget. The Government of India, after considering the deficiencies which have occurred in three consecutive years, as I have already explained this day, and after causing the accounts to be made up according to the orders of the Secretary of State, has determined, so far as in it lies, to put an end to deficit. We cannot, at such a time as this, consent to appear before the public with a deficit in our budget. We have therefore preferred the alternative of asking this Council to vote us the power to cover by an income tax the deficit which must otherwise be presented. Such, then, is the proposal which I shall have, on behalf of the Government of India, to submit to the Council, together with a request for leave to introduce a Bill for the purpose. The necessity of avoiding debt in time of peace for ordinary expenditure, and of plainly making both ends meet, is the ground on which we mainly base this proposal. The probable occurrence of this necessity was foreseen some months ago, and a reference was made by us to the Secretary of State, whose approval has been received to the course which we propose to adopt.

The principle of the existing certificate tax is in fact that of an income tax on particular classes, so that the substitution of an income tax proper will practically not much alter the taxation of those who pay the certificate tax. The taxation will be virtually extended to those sections who are now exempt, and will apply equally and justly to all sections alike without distinction. Moreover, the principle of rough assessment, as observed in the certificate tax, should, we think, be maintained, with some modification of detail, in the schedule of the income tax. The mean incidence of the certificate tax was about 1 per cent. on profits; we propose to keep this rate for the income tax also. The limit of income down to which the certificate tax descended, 500 rupees, (50 *l.*) per annum, will be observed in the income tax. Servants of Government or of companies, as well as those of firms and private individuals, were exempted under the certificate tax if their salaries were less than 1,000 rupees for the year. For the former class the assessment will now be at 1 per

Appendix, No. 3.

cent. on all salaries of *Rs.* 41. 10. 8. per mensem, equal to 500 rupees per annum, and upwards. The latter class will be assessed like their neighbours under the schedule. Pensions and annuities will be similarly assessed. We have introduced various minor improvements intended for the convenience of the tax-payers.

The advantage of keeping up the principle of rough assessment in the schedule is the avoidance of individual assessment, of any inquisitorial process which such assessment may involve, and of the demand for returns of income. The advantage of adhering to the 1 per cent. rate will be this, that those who pay the certificate tax will continue to pay much in the same way as heretofore, without any sensible change, and the avoidance of change is well known to be an important point in dealing with the natives of India. The advantage of observing the 500 rupees (50 *l.*) minimum limit of income will be this, that the measure will be confined to the upper and middle classes, and will not affect the mass of the people. In that respect the new income tax will be preferred to the old, which went down so far as 200 rupees (20 *l.*) of annual income. It is calculated that not more than 150,000 persons will be assessed to this income tax, out of 150 millions of population, so that the tax will hardly touch more than one in a thousand. In short, our hope is that by eschewing change in respect to those who now pay a direct tax; by refraining from demand for returns; by removing the measure from any contact with the poorer and more ignorant classes, we shall keep it comparatively free from much of the unpopularity which attached to the income tax of 1860, and thus, as it were, rob the measure of its sting.

Should it be thought that the arguments, if good for anything, are good for a 2 per cent. rather than a 1 per cent. rate, the answer is that 1 per cent. seems to be sufficient. It produces an equilibrium after a fair allowance for the defence and administration of the country, and for moral and material improvement, and after including enough for military buildings to ensure the present rate of progress. The Council will remember that all other taxes ever contemplated have been condemned; that the income tax is our chief fiscal reserve; that in war or other emergency we could hardly assess it at more than five per cent., so that now in time of peace we are to use up one-fifth of our fiscal reserve. It is desirable not to trench more than is absolutely necessary on such a reserve. It is also desirable not to ask the country to bear even a fraction weight of burden more than can be proved to be indispensable.

If it be said that sufficient care is not given to retrenchment of expenditure, and that by a little more cutting and clipping a small deficit might be obviated without putting on an income tax, the answer will be that retrenchment has been already pushed to its reasonable extremity in order to cut the coat of our expenditure according to the cloth of our income. It is perhaps a curious fact that when the materials of this very budget were received from the eight local governments, the 12 imperial departments, the 225 treasuries, and were collated in the Financial Department at Calcutta, the revenues came out less, while the ordinary expenditure proposed was more, showing a balance against the country. This adverse account has by scrutiny in the financial department, and by help of the later and more complete information available to us, been reduced to the equilibrium now presented to this Council. After all, the expenditure in India is taken at less by half a million than what it is for the current year. This may be accepted as some proof of economy in the budget. Further than this we cannot retrench at present. If we were to do so, the parties concerned would during the course of the year remonstrate, and we might be virtually forced to allow items which had been disallowed. We hope to maintain the retrenchments so carefully made; but it would be worse than futile to attempt any retrenchment which cannot be maintained.

If it be supposed that we might have devised other means of improving our resources and thus saved the necessity of an income tax, then I say that no supposition could be more unjust to the Government of India. For we have over and over again thought of every tax that has ever been suggested; to almost all some insuperable economic objection was apparent, the income tax alone remaining comparatively free from objection, as hampering no particular trade and fettering no industry. We have even refrained from doing some things we wished to effect, such as the abandonment of some of the export duties which are shackles on our domestic industry, the diminution of the rate of import duty on some metals of which the prices are depressed, the abolition of the inland sugar duties, the reduction of the salt duties in some provinces. We really have postponed the fulfilment of these our cherished desires, in order that the saddle of the income tax might sit lightly and easily on the country.

If it be urged that there is hardship in the imposition of an income tax, when the necessity might be avoided by transferring the cost of the new barracks to the extraordinary category, inasmuch as the work, though heavy now, will soon be finished off and disappear, this argument has been already answered to-day. It suffices to recapitulate that there is no sort of reason why barracks should be selected in such an arrangement more than any other item of our ordinary expenditure; that the work will not be done for years and years to come; that when it is over, other works just as costly will be turning up; that the European troops must be properly housed; that the housing of our soldiers is among the very first charges against our revenues; that the running into debt for such a purpose would be intolerable; that we *must* pay our way to this extent in time of peace, if we are to prove worthy of our status as a Government; and that any such arrangement would be contrary to the orders of the Secretary of State.

Again, if it be argued that the income tax, having been first imposed when the finances were in disorder, ought not to be re-imposed now when the finances are flourishing, the reply

reply would be, that experience does not show that we can afford altogether to dispense with direct taxation. For, when after a period of deficit, a short period of surplus enabled Sir Charles Trevelyan to allow the first income tax to expire, there followed but one year of surplus. Then sure enough deficit reappeared, and Mr. Massey was obliged to propose a license tax (1866-67). Thus, no sooner had the income tax expired, than its resuscitation in another form became necessary. The license tax having lasted for a year, Mr. Massey resisted all demand for its repeal, and continued it in an improved form as a certificate tax. That he was perfectly wise in so doing is proved this day, when I have to come before the Council with the longest story of deficit that has been narrated for some years. The moral of all this is, that the great convulsion of 1857, so fraught with trouble, yet so fruitful in reform, does to this hour make its effects felt, and that the country must brace itself to bear the small sacrifice of a light income tax in consequence.

Lastly, though this income tax is applicable to all alike above a certain limit of income, there are some important classes who immediately occur to our thoughts, such as the fundholder in India, the landholder and house-owner, who will be required to aid in bearing a burden already borne for the last two years by several classes of their fellow subjects. The fundholder in India, conscious that the value of his property in the market so largely depends on the financial credit of the Government, will not demur to a contribution to a tax which in England has been always held to be applicable to income from the public securities. The landholders, especially the zemindars under permanent settlement, convinced from long experience of the inviolable faith kept with them by the State, cannot regard this measure with any distrust, but will submit to the law, if it shall be enacted, with that loyalty which befits gentlemen of accumulating wealth and of liberal education, recollecting that the question of their liability was thoroughly settled long ago, and that in each cycle of years the progress of Bengal, with its staples profitably exported to England, its network of water communication, its patient and thriving peasantry, enhances their debt of gratitude towards the Government under whose sway their property has been so vastly benefited.

The European community for the most part already pay the certificate tax. Their taxation will be changed but little, if at all by the income tax. They have shown so much public spirit in respect to direct taxation whenever its necessity was demonstrated, and they are so well aware that financial solvency is one of the first conditions of our political safety in this country, that their support on this occasion is confidently anticipated.

And everybody, European or Native, will, we trust, appreciate the justice of taxing all classes alike without exception.

The question of allotting to the local governments a portion of the income tax proceeds for public works has been considered, but the concession cannot at present be made.

So much then for the ordinary income and expenditure.

Besides this, however, there is a proposed extraordinary expenditure of three-and-a-half millions, of which two-and-three-quarter millions are for the irrigation works, and the rest for the Bombay special works and the State railways. The amount may seem large, but it includes one million to be paid in England for the transfer to Government of the Irrigation Company's projects in Orissa and Behar, and a quarter of a million of stores and plant for the Lahore and Peshawur Railway. This full sum, if sanctioned by the Secretary of State, will have to be raised by loan. The expenditure in India of 1½ million on irrigation is to be mainly for the noble projects in Orissa, in Behar, in the Cis-Sutlej States, in the basins of the Jumna and the Ganges in Lower Bengal, in the British Deccan, and in other places. This will be the first year in which the principle of borrowing for reproductive works comes into something near full operation. It must be some time before any return is received for this outlay. And for fear of going too fast ahead, we should pause before exceeding the amount proposed for loan this year. The original cost of these works is already shown in our Budget Statements; the question as to how far it may be possible to show separately the gross income, and the current expenses of these reproductive works, is undergoing careful consideration.

Indeed we are launching out on a sea of improvement. The next 10 years may see another 40 or 50 millions for reproductive improvements added to the existing 100 millions of our national obligations. Can any fact be more potent than this to prove that we must gird ourselves for the task before us, by establishing that equilibrium between income and *ordinary* expenditure which will be the surest basis of our public credit.

The total expenditure for the year, ordinary and extraordinary, is put at 52¾ millions, the highest figure ever yet reached. It has been sometimes observed that our present form of Budget Statement (which is, however, authoritatively prescribed), by showing the expenditure in England in the aggregate, does not exhibit in one view the cost of some great departments whose expenses are incurred partly in England and partly in India. I append a supplementary statement showing the combined expenditure, English and Indian, of the several departments. In this point of view, the cost of the army stands at a little over 16 millions; that of marine at something under one million; and the interest on the public debt at 4¼ millions, of which the sum of 180,000*l.* is on capital raised for reproductive works.

I have now to mention what loan arrangements will have to be made in order to meet all this expenditure. On the one hand we have to provide for 3½ millions for reproductive and extraordinary public works as above described; half a million of public debt to be renewed in England, and half a million in India, or one million to be renewed in all; half a million to be raised in India to recoup our cash balances for sums lent or to be lent to the municipalities of Calcutta and other places. These items amount in all to five millions, or 3½ millions

Appendix, No. 3.

millions of new debt, one million renewal of former debt, and half a million of debentures at short currency, which will not add to the permanent debt. These are all subject to the approval of the Secretary of State. On the other hand, two millions have already been set down by the Secretary of State to be raised in England. We propose to raise in India half a million on long term debentures in renewal of existing obligations, and to issue debentures for short terms not exceeding one twelvemonth, of the nature of exchequer bills, up to half a million. By the latter issue we hope to provide for the temporary requirements of the cash balances without trenching on the resources of the Presidency banks. There remain two millions to be raised, regarding which we shall immediately solicit the instructions of the Secretary of State. In these various ways the amount of five millions above stated will be provided for. If we shall have to advance any additional sums to municipalities during the year, such amount will have to be raised by loan.

With these several arrangements (which are subject, of course, to the sanction of the Secretary of State) we shall probably close the coming year with a cash balance of 11½ or nearly 12 millions, much the same as that with which we are closing the current year. These amounts indicate that our cash balances are not even yet restored to their proper proportions. By the experiment of issuing short term debentures, as above mentioned, we hope to work with a somewhat less cash balance than heretofore. If, as the year proceeds, the accounts shall be unfavourable, some additional temporary resource will have to be provided.

The last statement to be noticed is that of the cash balances in India. This statement includes not only all the regular receipts and disbursements in India, besides the remittances to England, but also all the "debt," or, as it might better be called, the "deposit." This technical debt has nothing to do with the public or national debt, but it arises in this way. In some respects our exchequer serves as a great bank of deposit; it receives and keeps the money belonging to the local funds, to the funds, pensionary and others, of the services, civil and military; to the Judicial Department, and to a variety of depositors. It serves as general banker to the railways and receives all their traffic earnings. It also acts as a banker for much of its own remittances. In these several ways there is made up a vast aggregate of many millions of deposit receipts shown on one side of the account, balanced by a corresponding amount of disbursements on the other. We shall commence the new year on the 1st April with a cash balance of close upon 12 millions; we hope, also, to end it with a sum of nearly 12 millions. On the receipt side of the statement there are upwards of 49 millions of revenue; three millions to be raised by loan; some 13 millions of deposit, of which latter the three millions of our local funds income forms a part. The above three millions of loan is exclusive of the two millions to be raised by the Secretary of State, which have been allowed for on the other side of the account. Then there are some 3½ millions of other receipts, railway earnings, and the like. All these, together with the cash balance in hand, make up the grand total to 80 millions. This is balanced on the disbursement side by some 43 millions for service in India; by some 14 millions on account of debt and deposit, including some three millions expenditure from local funds, and some 11 millions of other payments, including those for the Secretary of State's bills; all which, together with the cash balances, make up a counter sum of 80 millions.

Thus, for the coming year 1869-70, the national balance sheet of British India, including all the transactions of its Exchequer, shows 80 millions on each side of the account, truly a high figure demonstrative of the calibre of our power in the East; and now, with the mention of this spirit-stirring fact, I shall conclude my exposition.

Such is the Budget for 1869-70. The main points of the exposition are:—

That the entire expenditure on the new barracks is included in ordinary expenditure, and charged against revenue;

That on the two years under review, 1867-68 and 1868-69, there has been an actual deficit in 1867-68 of 1,000,000 of income as compared with ordinary expenditure, following a deficit of 2½ millions on the total expenditure the previous year 1866-67;

That for the year 1868-69 there is a deficit by regular estimate of 1,000,000;

That for the coming year 1869-70, after including barrack expenditure, there is estimated an equilibrium between income and ordinary expenditure sufficiently assured by a small surplus;

That a one-per-cent. income tax is proposed in substitution for the existing certificate tax;

That 3½ millions are proposed to be expended in 1869-70 on extraordinary reproductive works to be provided for by loan;

That 3½ millions are proposed to be raised by loan;

That 1,000,000 of public debt, half in England, half in India, falling due for repayment in 1869-70, must be renewed;

That half a million is to be raised by short-term debentures to supplement the cash balances;

That the total of loan proposed for the service of the year 1869-70 amounts to five millions.

The Government of India has aimed at a financial policy to be at once safe, just, and sound: safe as strictly bringing to account of ordinary expenditure all items properly so chargeable;

chargeable; just, as tending to apportion more and more equally the fiscal burden between rich and poor; sound, as guiding all proposals according either to known custom in India or to established principle in England.

The facts and figures of British Indian finance, hard and stern as they may be, do yet bear witness to an agriculture furnishing staples for the use of distant countries; a commerce multiplying itself in every cycle of years; a revenue branching out in various forms of development; an ordinary expenditure held in control, and expanding mainly for useful or beneficent purposes; an extraordinary expenditure, designed to bring State capital to bear on the material improvement of the country; a public credit strong enough to constitute a resource for every reasonable need. By their general effect they recall the sentiment of the historian, they excite thankfulness in all thoughtful minds, and "hope in the breasts of all patriots."

The motion was put, and agreed to.

The Honourable Sir *Richard Temple* having then applied to his Excellency the President to suspend the rules for the conduct of business,

The President declared the rules suspended.

The Honourable Sir *Richard Temple* then introduced the Bill.

POLICE SUPERANNUATION FUNDS BILL.

The Honourable Sir *Richard Temple* then introduced the Bill to Abolish the Police Superannuation Funds.

TRANSSHIPMENT OF OPIUM FEE BILL.

The Honourable Sir *Richard Temple* then moved for leave to introduce a Bill for imposing a transshipment fee on opium.

The motion was put, and agreed to.

The Honourable Sir *Richard Temple* having applied to his Excellency the President to suspend the rules for the conduct of business,

The President declared the rules suspended.

The Honourable Sir *Richard Temple* then introduced the Bill.

LAND CUSTOMS BILL.

The Honourable Sir *Richard Temple* then moved for leave to introduce a Bill to make better provision for the collection of Land Customs on certain foreign frontiers of the Presidencies of Fort St. George and Bombay.

The motion was put, and agreed to.

CUSTOMS DUTIES BILL.

The Honourable Sir *Richard Temple* then moved for leave to introduce a Bill to amend the law relating to Customs Duties.

The motion was put and agreed to.

The Council adjourned till the 11th March 1869.

(signed) *Whitley Stokes*,
Secretary to the Council of the Governor General
for making Laws and Regulations.

Calcutta, 6 March 1869.

STATEMENT of Estimated CASH BALANCES in the INDIAN TREASURIES on the 31 March 1870.

Receipts in India in 1869–70.	Budget Estimate.	Disbursements in India 1869–70.	Budget Estimate.
	£.		£.
REVENUES	49,340,840	EXPENDITURE IN INDIA	43,157,540
DEBT—		DEBT—	
To be raised on Loan	3,000,000	Payments on Account of Debt	13,712,792
Receipts on Account of Debt	12,408,724		
LONDON—		LONDON—	
Recoveries in India of Payments in England, Funds, Family Remittances, &c.	1,199,760	Bills drawn by the Secretary of State for India	8,400,000
Madras Irrigation and Canal Company Net Earnings	7,600	Payments on account of Indian Railways	3,255,100
Net Railway Earnings	2,604,700	Ditto Madras Irrigation and Canal Company	5,500
		Supplies to Her Majesty's Government	128,300
		Miscellaneous	192,555
Estimated Cash Balances on 31 March 1869	11,917,473	Estimated Cash Balances on 31 March 1870	11,627,310
TOTAL £.	80,479,097	TOTAL £.	80,479,097

Edward Gay,
Offg. Dy. Comptr. Genl. of Accounts.

E. F. Harrison,
Compt. Genl. of Accounts.

Fort William, Financial Department,
6 March 1869.

R. B. Chapman,
Offg. Secy. to Govt. of India.

GENERAL BUDGET ESTIMATE

GENERAL ABSTRACT of the REVENUES AND RECEIPTS, and of the

RECEIPTS.	Actual, 1867-68.	Budget Estimate, 1868-69.	Regular Estimate, 1868-69.	Budget Estimate, 1869-70.
	£.	£.	£.	£.
I.—Land Revenue	19,986,640	20,466,000	20,225,200	20,595,500
II.—Tributes and Contributions from Native States	689,286	687,000	693,800	693,200
III.—Forest	331,088	403,900	423,600	436,600
IV.—Excise on Spirits and Drugs	2,238,931	2,211,600	2,310,000	2,289,000
V.—Assessed Taxes	653,848	570,000	520,000	900,000
VI.—Customs	2,578,632	2,441,600	2,713,500	2,773,500
VII.—Salt	5,726,093	6,016,900	5,613,100	5,826,800
VIII.—Opium	8,923,568	8,385,800	8,886,400	8,286,540
IX.—Stamps	2,186,269	2,372,800	2,340,200	2,396,900
X.—Mint	120,252	251,200	163,300	136,800
XI.—Post Office	659,679	671,300	687,600	687,500
XII.—Telegraph	215,031	252,600	218,700	220,000
XIII.—Law and Justice	719,342	1,034,200	1,082,000	865,100
XIV.—Police	231,972	274,300	286,500	301,400
XV.—Marine	455,090	294,500	578,600	248,400
XVI.—Education	73,845	75,100	73,800	83,400
XVII.—Interest	211,975	226,500	231,700	261,600
XVIII.—Miscellaneous	1,127,551	763,200	750,600	966,700
Army—Miscellaneous	742,712	692,400	829,400	730,000
Public Works—Miscellaneous	557,840	496,000	660,700	641,800
TOTAL RECEIPTS £.	48,429,644	48,586,900	49,288,700	49,340,840
Deficit, including Public Works Extraordinary Charges	1,610,157	1,026,450	2,801,244	3,513,150
GRAND TOTAL £.	50,039,801	49,613,350	52,089,944	52,853,990
Deficit, not including Public Works Extraordinary Charges	1,007,695	- -	970,471	—

Fort William, Financial Department,
6 March 1869.

OF INDIA, for the Year 1869–70.

EXPENDITURE OF INDIA, for the Year from 1st April 1869 to 31st March 1870.

EXPENDITURE.	ACTUAL, 1867–68.	BUDGET ESTIMATE, 1868–69.	REGULAR ESTIMATE, 1868–69.	BUDGET ESTIMATE, 1869–70.
	£.	£.	£.	£.
1.—Interest on Funded and Unfunded Debt	2,709,972	2,699,700	2,684,200	2,794,770
Interest on Special Loans for Public Works	51,861	99,000	99,000	
2.—Interest on Service Funds and other Accounts	824,113	517,330	589,830	518,710
3.—Allowances, Refunds, and Drawbacks	376,466	231,940	502,740	259,370
4.—Land Revenue	1,995,950	2,138,700	2,076,380	2,196,790
5.—Forest	226,416	278,080	270,250	284,850
6.—Excise on Spirits and Drugs	303,534	261,900	272,890	263,050
7.—Assessed Taxes	33,314	21,000	20,050	30,000
8.—Customs	207,186	186,150	183,480	182,640
9.—Salt	325,520	441,660	389,770	395,270
10.—Opium	1,874,121	1,907,780	1,769,330	1,724,330
11.—Stamps	92,950	101,100	99,820	96,410
12.—Mint	99,366	109,500	95,020	86,470
13.—Post Office	491,690	583,480	617,200	706,120
14.—Telegraph	396,517	442,500	482,910	447,000
15.—Allowances to District and Village Officers	385,981	396,520	396,650	345,530
16.—Administration and Public Departments	1,124,396	1,140,220	1,148,210	1,205,090
17.—Law and Justice	2,544,349	2,857,580	2,782,910	2,869,670
18.—Police	2,434,125	2,502,450	2,436,290	2,374,290
19.—Marine	926,539	558,800	681,630	473,390
20.—Education, Science, and Art	783,510	904,190	855,160	912,200
21.—Ecclesiastical	158,707	162,520	162,760	169,100
22.—Medical Services	352,316	366,970	376,710	413,080
23.—Stationery and Printing	222,729	226,400	228,770	227,790
24.—Political Agencies and other Foreign Services	241,801	231,050	236,730	235,590
25.—Allowances and Assignments under Treaties and Engagements	1,873,072	1,948,090	1,912,770	1,886,190
26.—Miscellaneous	672,992	270,700	416,000	393,390
27.—Superannuation, Retired, and Compassionate Allowances	911,256	633,360	827,130	711,600
Army	12,603,467	12,904,720	12,803,220	12,850,000
Public Works Ordinary:—				
Public Works	5,430,457	3,458,480	5,640,000	5,677,000
Supervision and Cost of Land for Railways	156,525	221,390	303,640	159,450
Loss by Exchange on Railway Transactions	101,877	122,700	29,700	14,600
One per cent. Income Tax Grant	111,410	—	—	—
	41,044,485	38,925,960	41,390,550	40,903,740
Net Expenditure in England, including Stores	6,852,419	6,392,400	7,191,591	6,856,750
Guaranteed Interest on Railway Capital, less Net Traffic Receipts	1,540,435	1,202,900	1,677,030	1,527,700
TOTAL £.	49,437,339	*46,521,260	50,259,171	49,288,190
Public Works Extraordinary:—				
Military	- -	1,363,880	Included under Public Works Ordinary.	
Communications	- -	431,210		
Embankments	- -	27,000		
Irrigation Works In India	219,255	800,000	852,500	1,650,000
Irrigation Works In England	- -	- -	14,000	1,055,000
Special Fund Works	382,613	470,000	420,000	500,000
State Railways In India	594	- -	213,300	103,800
State Railways In England	- -	- -	330,973	257,000
TOTAL £.	602,462	3,092,090	1,830,773	3,565,800
TOTAL EXPENDITURE £.	50,039,801	49,613,350	52,089,944	52,853,990
Surplus, including Public Works Extraordinary Charges	- -	—	—	—
GRAND TOTAL £.	50,039,801	49,613,350	52,089,944	52,853,990
Surplus, excluding Public Works Extraordinary Charges	- -	2,065,640	- -	52,650

* Total, including transfers from Public Works Extraordinary, 48,343,350 *l.*

Edward Gay,
Offg. Dep. Comp. Gen. of Accounts.

E. F. Harrison,
Comp. Gen. of Accounts.

R. B. Chapman,
Off. Sec. to Gov. of India.

Appendix, No. 3.

BUDGET ESTIMATE OF EXPENDITURE IN ENGLAND AND IN INDIA FOR 1869–70.

	Expenditure.		Total.
	In India.	In England (Net).	
	£.	£.	£.
Interest on Debt - - - - -	2,794,770	1,504,250	4,299,020
Civil Departments - - - - -	18,934,530	1,570,442	20,504,972
Military - - - - - - - -	12,850,000	3,202,061	16,052,061
Marine - - - - - - - -	473,390	409,837	883,227
Public Works—Ordinary - - - -	5,851,050	170,160	6,021,210
Total - - - £.	40,903,740	6,856,750	47,760,490
Guaranteed Interest on Railway Capital, less Net Traffic Receipts - - - -	- -	1,527,700	1,527,700
	40,903,740	8,384,450	49,288,190
Public Works Extraordinary - - -	2,253,800	1,312,000	3,565,800
GRAND TOTAL - - - £.	43,157,540	9,696,450	52,853,990

Fort William, Financial Department,
6 March 1869.

Edward Gay,
Offg. Dy. Compt. Genl. of Accts.

E. F. Harrison,
Comptr. Genl. of Accts.

R. B. Chapman,
Offg. Secy. to the Govt. of India.

Appendix, No. 3

ABSTRACT of the PROCEEDINGS of the Council of the Governor-General of *India*, assembled for the purpose of making Laws and Regulations under the provisions of the Act of Parliament 24 & 25 Vict. c. 67.

The Council met at Government House on Saturday, the 2nd April 1870.

PRESENT:

His Excellency the Viceroy and Governor General of India, K. P., G. C. S. I. presiding.
His Excellency the Commander in Chief, K. C. B., G. C. S. I.
Major General the Honourable Sir H. M. Durand, C. B., K. C. S. I.
The Honourable John Strachey.
The Honourable Sir Richard Temple, K. C. S. I.
The Honourable J. Fitzjames Stephen, Q. C.
The Honourable Gordon S. Forbes.
The Honourable D. Cowie.
Colonel the Honourable R. Strachey, C. S. I.
The Honourable Francis Steuart Chapman.
The Honourable J. R. Bullen Smith.
The Honourable F. R. Cockerell.

FINANCIAL STATEMENT.

INCOME TAX BILL.

The Honourable SIR RICHARD TEMPLE, in moving for leave to introduce a Bill for imposing duties on Income and Profits, said:—My Lord, I have now to present the Budget for British India for the official year 1870–71, this being the 11th annual statement presented to the Legislative Council. During my absence from India for six months of the year 1869-70, the finances were administered by my honourable colleague Mr. John Strachey, and some of the measures which I shall hereafter have to mention were commenced or carried on by him. The ability and carefulness with which he conducted the administration are too well known to your Lordship and to the Council to require any further commendation from me.

On this, as on former occasions, my statement will be divided into three parts, namely, the actual account for the past year 1868–69; the regular estimate for the year just closed, 1869–70; and the budget estimate for the current year, 1870–71, now commencing.

Before adverting to the three divisions in the order above named, I must explain certain improvements now made for the first time in the mode of exhibiting the figures.

In the first place, I am about to show the account of the working of the State railway, and the account of the Government with the several guaranteed railway companies, in the same manner as all other parts of the public accounts, that is to say, the real receipts will be shown on the receipt side, and the full payments on the expenditure side. Hitherto, as the Council will remember, the plan followed has been a different one. For instead of showing the receipts on one side and the payments on the other, that is treating the account in the gross, we have shown nothing at all on the receipt side, and only the nett payment (after deduction of receipts) on the other side. This has been the meaning of the item which has hitherto appeared in our financial statements, under the designation of guaranteed railway interest, less nett traffic receipts. In my exposition of last year, I furnished a summary of the main facts from which that important item was derived, namely, the gross amount of interest payable by the State to the shareholders of the guaranteed companies, then the amount recovered by the State from the traffic receipts, and so on. Whether the Council was able to follow me through that explanation, I cannot say. But I felt at the time that it was hardly a satisfactory circumstance that so much had to be said to elucidate an item which ought not to need such elucidation at all, and which ought to be in its nature apparent from the face of the statement. Subsequently this consideration further forced itself upon me. The figures of all other departments are exhibited not in the nett but in the gross. No other heavy payment is shown in diminished proportions by reason of a set-off. If this were to be done generally, then the financial statements would lose half their clearness, and the publicity half its value; and the real nature of the income and expenditure would not be intelligible. Why then should an exception be made in the case of the railway expenditure, which has been for years a large and growing item in the charge side of our financial accounts? There is no good reason whatever for this. On the contrary the public has a clear interest in seeing this part shown in the same way as all other

Appendix, No. 3.

parts of the account. For the payments by Government of interest now approach the sum of 4½ millions sterling annually. How is the rapid accretion of this interest to be appreciated, if it is not shown in the annual statements? On the other hand, the set-off against this is the amount of nett traffic receipts, that is, the gross traffic receipts, less working expenses. This also is happily growing fast, and now exceeds 2½ millions sterling. But still it is, and will probably for some time remain, inadequate; in other words, it is, and will be less than the interest payments. But we hope that this may gradually approach nearer to the balance of the account; and it concerns every one to know how far this desirable approximation is or is not being attained. This depends on the development of railway traffic and the economy of working expenses. Indeed the working expenses now amount to nearly four millions sterling per annum, and constitute virtually a branch of public expenditure in which the public is as nearly concerned as in any other branch. These points are not only fraught with general interest, but also affect the ultimate financial result and the determination of surplus or deficit. I therefore propose to show the two great items each on its proper side of the account. This course too strictly accords with the terms of the contract between the State and the companies. After providing for the regular payment by Government to the companies of the five per cent. interest on the capital paid up, the contract goes on to say that "all monies received by or on account of the Railway Company in India * * * shall be paid into the Treasury" of Government; that the "nett receipts, after deducting all sums * * * for the current expenses of working the railway" * * * "shall be applied in the first place towards the discharge of the interest payable" by the Government.

In the second place, as the Council will recollect, the practice has been to exhibit the expenditure in India in detail under the main heads or branches, and then to show the expenditure on account of India in England in the lump or aggregate. Nevertheless the expenditure in England was, for the most part, not divisible under any new or separate heads, but really pertained to the several branches of the administration in India. Still it was not divided nor classified in our financial statements. Its amount is very considerable, being almost 12,000,000 *l.*, or more than 22 per cent. of our total expenditure. Though, of course, classified for official purposes, it has heretofore remained absolutely unclassified in our financial statements. One consequence has been this: that the expenditure shown separately in our regular financial statements has never represented the full and complete cost of many of our greatest departments, such as Army, Marine, Public Works, Interest, and others. That the arrangement is so far improvable seems to be beyond question. Last year I did present a supplementary statement calculated to meet the want. But this year I have prepared the statement with a combination of the figures derived from India and from England; so that they now display the full cost of each branch, whencesoever derived and wheresoever incurred. The formal and principal statement being thus comprehensively prepared, supplementary statements are added, showing how much is spent for each head in India and how much in England.

In the third place, the water rent paid by the landholders for the water obtained from the State canals has been transferred from the heading of public works income to the heading of land revenue. The amount is important, being more than 500,000 *l.* or half a million. The public works income properly includes only sale proceeds of old stores and other items technically called recoveries, with which canal-water rent has, of course, nothing to do; whereas this water rent is income derived by the State from its measures for improving the land by means of irrigation.

In the fourth place, the item of "Allowances to Village Officers" has been combined with the expenditure relating to land revenue, and is no longer shown in a separate heading; and for it has been substituted a heading, "Minor Departments," under which will be shown the charges of the trigonometrical, topographical, and geological surveys, and other departments not readily assignable to any other existing head.

In the fifth place, from the heading of "Education, Science, and Art," we have eliminated, as just explained, the cost of the Survey Department. The surveys, though scientifically conducted, are executed in but a small degree for purposes of science and almost entirely for fiscal, engineering, and other practical purposes. On the other hand, it is of consequence to all those who are interested in the moral and intellectual progress of India that the true charge for education should be shown on the face of the statement. Heretofore the precise progress of this important item has not been perceptible from the statement; and never could be so, while other and foreign charges were mixed up with it. On this occasion, then, the figures which I exhibit are those for education alone.

In the sixth place, the abstract, which the Council will remember having seen on former occasions, under the title of "Statement of Estimated Cash Balances," has been superseded by an improved cash statement, exhibiting an abstract of the entire financial transactions of British India, and showing, in a clear form, how, for each year, the total disbursements of all kinds are actually met, or, in other words, how the ways and means of each year are provided.

So much, then, for the improvements in the form of the statements, and I must ask the Council to remember, that by reason of these improvements, the figures I now give will not be comparable, in detail, with those I gave last year, though the ultimate result will be duly comparable.

After this preface (the length of which will be excused from regard to the importance of the topics), I proceed to the actual account of the past year, 1868–1869.

The receipts were 51,657,658 *l.*, or more than 51½ millions sterling. The ordinary expenditure

expenditure amounted to 54,431,688 *l.*, or near 54½ millions, causing a deficit of 2,774,030 *l.*, or 2¾ millions of receipts, as compared with ordinary expenditure.

In my last financial exposition I explained that there would be a deficit in that year of income as compared with ordinary expenditure. The deficit was then estimated at 970,471 *l.*, or one million. That estimate was necessarily incomplete, being based on eight months' actuals and four months' estimate; the last four months, too, constituting the most important and critical part of the year. Still, the difference between the estimate and the result is very considerable; and I must, as briefly as possible, recapitulate the reasons.

These reasons have arisen in small part only from shortcomings of receipts on the whole. Exclusive of the railway earnings, the receipts in India indeed were 49,077,007 *l.* actual, against 49,288,700 *l.* of the regular estimate, the difference less being 218,458 *l.*, or one-fourth of a million. I attribute this to the fact of the yield of the Malwa or Bombay opium having been over-estimated by us. The amount indeed taken was fair enough as compared with the actuals of the two preceding years; but the last four months of the year proved abnormally unproductive, and these were the months which did not come within the regular estimate.

The difference, then, between the estimated and the actual deficit was caused mainly by excess of expenditure. In the first place, an item of 505,922 *l.* is brought about by charging in the accounts the liabilities of the Government in respect to the late military and medical funds, which existed chiefly for the benefit of the widows of deceased officers. The arrangements made on the transfer of the fund provided that assets should be gradually year by year appropriated by the Government, which was, on the other hand, to pay all the pensions and allowances. The transfer occurred during 1867-68. It commenced in that year, and came into full operation during the year under consideration, 1868-69. At the outset, these pensions disbursed in England by the Secretary of State were not charged in the English expenditure, but were held by the Secretary of State in a suspense account, that is, in the account current between England and India, and were so held at the time when my last financial statement was made. But inasmuch as the Secretary of State has ruled that the pensions are to be included in the expenditure in England, and as they now constitute a real charge against the revenues, we have deemed it best to include them (subject to the sanction of the Secretary of State) in the English expenditure once for all; and to finally adjust the account. The amount thus to be charged comes, as above stated, to 717,734 *l.* of which two-thirds relate to the year 1868–69, and the rest to the previous year, 1867–68. Of this sum, 211,812 *l.* had already been provided for, being charged in the Madras accounts. The remainder, or 505,922 *l.*, has now been added, and the whole charged in the English accounts.

Another cause was an excess of 492,004 *l.* on the expenditure on Public Works Ordinary. This arose partly on works emergently undertaken in districts suffering from drought or famine. Owing to certain defects in the control of the Public Works Department, some portions of the grants for extraordinary works were made use of for the ordinary works, and the circumstance was not known to the department when it rendered its estimate to me at the time of my last financial statement. The occurrence of this excess, and the fact of its not being known in time, undoubtedly indicated, as I have above stated, defects in financial control. Those defects have now been carefully searched out, and remedies are being applied which will, we hope, prove effectual for prevention in future. Their efficacy will be tested by experience.

Then there was an excess of 186,346 *l.* in the Army expenditure, arising partly from the high prices of provisions in drought-stricken districts, and partly from field operations on the frontier. There was a net excess expenditure again in the civil departments, chiefly in Marine, Interest, and Miscellaneous, amounting in all to 350,541 *l.*

These several items, together with a few others with which I cannot detain the Council, account for the difference between the estimated deficit of one million and the actual deficit of 2¾ millions.

Besides the ordinary expenditure above alluded to, there was during the year an extraordinary expenditure of 1,370,613 *l.*, or 1⅓ millions devoted in nearly equal proportions to irrigation, to Bombay special fund works, and to the purchase of the State Railway in South Eastern Bengal.

Thus, the past year 1868–69 ends with a deficit of 2¾ millions; and this circumstance suggests the following observation. The Council will remember that, in my last financial statement, I put the deficits of the three years, 1866-67; 1867-68, and 1868–69, at 4½ millions. This was on the supposition that the deficit of 1868–69 would be one million, whereas it is now seen to be 2¾ millions. Thus the 4½ comes up to 6½ millions. I then showed that there had been an expenditure of 3½ millions on new barracks, which had been undertaken partly in the belief that they would not be treated as ordinary works, and would be excluded from the ordinary account. From that point of view the new barracks would have mainly accounted for the deficits. But now this can no longer be said. The deficits being 6½ millions, of which only 3½ can be accounted for by the barracks, and are susceptible of special justification, it must be admitted that the remainder, 2¾ millions, are due to excess of expenditure accepted as chargeable against current income, and represent deficit pure and simple without such special justification.

So much then, in brief, for the actual account of the year that is passed, 1868–69. I now have to advert to the year just expired, 1869–70, the figures for which are derived chiefly from actual accounts and partly from estimates.

For 1869–70, then, the receipts are taken at 52,942,482 *l.*, or 53 millions, which amount

Appendix, No. 3.

exceeds by 699,542 *l.* or three-fourths of a million, the sum of 52,242,940 *l.* or 52¾ millions estimated in my financial statement of March 1869. The Council will remember that these figures will not admit of simple comparison with that statement by reason of the inclusion of the nett railway traffic receipts and of the receipts in England.

This increase of receipts has arisen notwithstanding failure of the customs and the opium to yield the amount estimated in the budget. The customs revenue was taken at 2,773,500 *l.*; it is now expected to yield only 2,416,500 *l.*, showing a difference less of 357,000 *l.*, or about one-third of a million. The opium revenue was taken at 8,286,540 *l.*; it is now expected to yield only 7,953,800. *l*, showing a difference less of 332,740 *l.*, or one-third of a million. This falling off of opium revenue has occurred entirely in Bengal, where the price per chest was estimated at 1,330 rupees, or 133 *l.*, while only an average of 1,199 rupees or 120 *l.*, has been realised. In the Madras and Bombay Presidencies, the rate of duty on salt has been raised from *Rs.* 1. 8. 0. per maund to *Rs.* 1. 13. 0. for the latter half of the year. Had it not been for this additional duty, the deficiency in the salt revenue would have been considerable. On the whole, it may be said that the salt estimate has been just maintained and no more. There have been also other items of deficiencies, which, together with the above two main items, bring up the gross deficiency of regular estimate below budget estimate to 899,222 *l.*, or nearly one million.

The Council will then ask how, despite of this deficiency, is a nett result of increase on the whole arrived at? Well, it is arrived at as follows. There is an increase of 461,778 *l.*, or nearly half a million in land revenue. This is caused partly by the adjustment in account of the accumulated proceeds of the sale of waste lands, the Government promissory notes in which these funds were invested having been cancelled, and debt to that extent having been reduced. Also in the Punjab and notably in the Madras Presidency, the collections of the revenue have proved more favourable than was expected. There is an increase of 71,943 *l.* in tributes; this arises from the partial capitalisation of the political contributions payable by his highness the Maharaja Holkar. The increase of 151,600 *l.* under the head of assessed taxes is entirely produced by the additional one per cent. income tax imposed for the latter half of the year, without which there would have been a deficiency. The yield of the additional duty is estimated at 350,000 *l.* There is taken an increase of 448,472 *l.* under the head of miscellaneous; this arises chiefly from adjustment of accounts consequent on the arrangements regarding the police superannuation fund and the transfer to Government of the Bombay Medical fund. The army receipts show an increase of 181,760 *l.* These main items, together with some lesser items, bring up the total increase to 1,598,764 *l.*, or over 1½ million. And thus on the whole the receipts of the year are now taken at an increase over the budget.

On the other hand, the ordinary expenditure in 1869-70 was estimated in the budget at 52,190,290 *l.*, or nearly 52½ millions; it is now expected to rise to 53,568,076 *l.* or upwards of 53½ millions, showing a difference more of 1,377,786 *l.*, or 1⅓ million.

This excess has occurred notwithstanding that the expenditure on public works ordinary has been reduced to 5,040,395 *l.*, instead of 5,834,160 *l.* provided in the budget, showing a reduction of 793,765 *l.*, or three-fourths of a million. There have been also various savings, such as 33,938 *l.* in the Post Office, 47,673 *l.* in the Electric Telegraph, 39,300 *l.* in education, which, together with other items, bring up the total decrease of charges to 1,107,131 *l.* or over one million.

Here again the Council will ask, how comes it that, despite these reductions, the total charges and expenditure show an increase on the whole? The answer is that in several departments there have been increases over the budget estimate, some of which I must now explain.

In the two items of interest on public debt and on other accounts, there are increases of 73,516 *l.* and 124,925 *l.* This has arisen from the proportion of unclaimed dividends having been less than was expected; from the charging to our accounts of certain interest payments on account of the expedition to Abyssinia, which amount we had hoped to recover from Her Majesty's Government: and from the raising in India of a loan of two and a half millions for public works extraordinary. When the budget was framed, we believed it most probable that this public works loan would be raised in England, and during the latter half of the year, in which case instalments of interest would not fall within this year. Subsequently we received the Secretary of State's sanction to raise the amount in India, and we preferred to bring the loan out at an early period: consequently the payment of interest has fallen within this year.

The increase on forests of 35,084 *l.* leads to more than corresponding increase of revenue. The same remark applies to the increase of 123,870 *l.* in the payments for opium. This arises from the yield of the opium crop being better than was anticipated when my budget was framed, and consequently greater quantities of the drug being brought to the store-houses. Under the contracts with the cultivators, the quantity brought by them must be paid for. Such payments in a fiscal point of view are not, indeed, to be regretted, as they conduce, on the other hand, to enhancement of revenue.

The Police charge was estimated at 2,374,290 *l.*, and has now risen to 2,440,900 *l.*, showing an increase of 66,610 *l.* This difference, which would have been larger but for counteracting economies, has been caused by the delay in carrying out the abolition of the Police superannuation fund. The delay has arisen (notwithstanding this Council having passed the requisite law) from the difficulty of arranging the details with the several local Governments. The excess charge caused by the delay is neutralised by the consequent increase in the assets credited under Miscellaneous.

There is an increase of 381,882 *l.* in Marine. This partly arises from our having charged off

off finally as expenditure the sum of advances on account of the Mutla or Port Canning Port Fund, which it is prudent to treat as irrecoverable; and from our proposing, after protracted inquiry, to remit a portion of a long outstanding debt due by the Calcutta Port Fund to the Government. In this heading, too, is included a sum of 45,000 *l.* as a contribution by the Government of India towards the cost of the naval force which Her Majesty's Government is to maintain in the East Indian waters. This is a new charge, entered under instructions from the Secretary of State. It was hardly possible to provide for these in the original estimate, as there was no information at that time as to whether these charges would accrue at all, or in what year they would fall.

The increase of 448,728 *l.* in Miscellaneous is mainly due to difference between the actual and the estimate of the loss by exchange on Secretary of State's bills and to the charge for the freight of stores from England. The charges of the Political department have increased by 152,290 *l.* This increase arises from the payments and presents made to the Ameer of Cabul, which were inadvertently omitted from the estimate.

The increase of 303,972 *l.* in superannuation allowances arises from the adjusting of the accounts of the Military Fund already explained. When the budget was framed, the amount of these pensions (396,292 *l.*) was entered by the Secretary of State in his remittance account, and not (except the Madras portion (120,000 *l.*), which was entered in the estimates in India) included in the charges. But we have deemed it necessary (subject to the sanction of the Secretary of State) to take the remainder, 276,792 *l.*, out of the English remittance account, and to charge the whole in the regular expenditure in England.

There is an increase of 422,831 *l.* in the army charges, of which 292,831 *l.* accrued in England for stores, furlough allowances, and pensions, and the rest in India, from the high prices of food and a variety of lesser causes which it would be tedious to detail.

These items, together with some others, for which I need not stop, bring up the total increase to 2,184,917 *l.*, or two and a half millions.

I have now stated the causes of all the variations in estimate on both sides of the account. That the amount of these variations should be so large is matter for regret. One main cause is traceable to the difficulty of adjusting the accounts under a necessarily complex system dealing with a great variety of interests. And if it be difficult to adjust these accounts with certainty, how much more difficult is it to estimate beforehand what form the adjustment will ultimately take, and what its precise result will be. This year special efforts have been made to clear off all old accounts, and to have the books as unencumbered as possible for future years. The subject has my unceasing attention.

The items of expenditure as above specified are taken from the combined figures, Indian and English. It may be interesting, however, to the Council to note exactly what has been the increase on the English figures taken separately under the old heading of "nett expenditure in England, including stores." The amount then for this total set down in the budget, as taken from the Secretary of State's estimate, stood at 10,996,950 *l.*, it is now expected to stand at 11,868,869 *l.*, showing an increase of 872,119 *l.* This has arisen partly, as already explained, from the Military Fund payments (396,292 *l.*) not having been included in the estimates of charge, partly from the cost of stores for the different departments in India, and partly from the increased allowances payable under the new rules to civil and military officers.

This particular part of the expenditure is, as the Council knows, under the control of the Secretary of State, and so far no remark is required from me. I should say, however, that as regards the "stores," the Secretary of State only acts on behalf of the Government of India, like an agent, if the expression may be allowed. The stores are ordered by the India Office in London on indents received from the Government of India; and the Secretary of State's estimate is framed in reference to those indents. It sometimes happens that emergent indents are sent home from India within the year, and these must, *pro tanto*, disturb the estimate, and for that much of disturbance the Government of India is solely answerable. Such has been the case this year in reference to a portion of the stores. I must add that heretofore the financial control in India over the indents sent hence for stores from England has been defective, and measures are being adopted to render it more efficient in future.

Thus much on the details of the receipts and expenditure. In the budget it was estimated that there would be an equilibrium with a small surplus of 52,000 *l.* But the receipts being now expected to stand at 52,942,482 *l.* or nearly 53 millions, and the expenditure at 53,568,076 *l.*, or more than 53½ millions, there is anticipated a deficit of 625,594 *l.* or more than half a million of receipts below ordinary expenditure.

Besides the above ordinary expenditure, there has been an expenditure extraordinary of 2,616,743 *l.*, or upwards of 2½ millions, on reproductive public works during the year, such as irrigation, State railways, and on Bombay special fund works.

Instead of an estimated equilibrium, then, the year has ended with a deficit of a considerable amount. In some respects, the adjustment of accounts has improved the figures on the receipt side; while in some respects it has made the figures worse on the expenditure side. If there are windfalls on the one side, there are unexpected drawbacks on the other. Also some share in the responsibility rests with the home authorities. But after allowing for all these considerations, I must fully acknowledge a deficit, for which we are clearly responsible, and regarding which I desire to offer the following observations.

As already seen, we suffered a heavy disappointment in respect to our estimate of the opium revenue on the Bengal side. This arose from a fall in the market price, which fall again is believed to have been caused mainly by the extension of opium cultivation in

Appendix, No. 3.

China itself. We were indeed aware that such cultivation was being in some degree extended; but there was no information at that time to lead to the apprehension that this extension would spread so much as it now appears to be spreading. The further information since obtained of the extension was not then available. For two years and more previous to the framing of the estimate, the prices had ranged at very high rates which indeed were well sustained up to the eve of the budget being produced. There was no known fact to warrant the rate being taken lower than what was then actually ruling. Still on general and prudential considerations, we took the price at an average of the realisations of the past three years, which brought out a rate less by 50 rupees, or 5 *l.* a chest less than what we were then receiving. This estimate has indeed partially failed by reason of events in the interior of a remote, half civilized, and comparatively unknown country like China, the nature of which circumstances is even now but vaguely ascertainable by us.

Then the Customs duties have fallen not only below the budget estimate, but also below the actual realisations of the two preceding years. There has been, as the Council knows, a depression of trade not only in India but in many other countries; and this has mainly caused the falling off in our Customs. But when the budget was produced, there was not a single fact to indicate that such a depression was about to set in. Up to that date the Customs revenue had been increasing yearly for several years; that very year they both increased as was proved by the latest statistics and fiscal returns. The authoritative commercial reports up to date, though noticing fluctuations, and not in all respects sanguine, were yet on the whole favourable and hopeful. There had indeed been drought in some parts of India, but that had not up to date affected trade or Customs, and the prospects of the season had recently improved. There had also been some modifications in the valuations of the tariff in favour of the merchants, but this was allowed for in the estimate.

From the several financial statements made in this Chamber, the Council knows how constant has been the increase in the State income of India. However, not even that normal increase was estimated for. The revenue was estimated at just the sum which had been received in the preceding year, and no more. A slight increase only was taken on account of additional taxation. Does not this look *primâ facie* as if the estimate was moderate?

These causes (which were, as I contend, misfortunes hardly to be foreseen), together with lesser circumstances with which I need not now trouble the Council, threatened the Government of India with the prospect of a serious deficit. How has this prospect been met? Why, by increasing resources, that is, by additional income tax, and additional salt duty, on the one hand, and by reducing public works ordinary expenditure on the other. Moreover there have been numerous savings and retrenchments carried out in all the provinces of India (for which the general finance is much indebted to the cordial exertions of the several local Governments), which it would be tedious to specify, but of which the total effect is estimated at 200,000 *l.* The condition of the year's finance has been bettered by the above measures to the extent of 530,000 *l.* on the receipt side, and 993,765 *l.* on the expenditure side, the total improvement being represented by 1,523,765 *l.* or 1½ million.

When introducing into this Council in November last the Bills for extra taxation, I stated that every "effort would be made to destroy the remaining deficit, to run it hard, to break its back, so to speak." This promise related of course to receipts and expenditure in India. The figures show that it is in a fair way of being fulfilled.

These last figures, however, are not altogether actuals, but belong to the regular estimate. In India these regular estimates have sometimes been so far falsified by results as to have acquired an ominous significance. On previous occasions the practice has been to frame these regular estimates on eight months' actuals and four months' estimates. In some respects the actuals did not extend to eight months, but only to seven or even to six. This method left a large margin for uncertainty, for the four months of estimate were, as I have explained once to-day, about the four most important in the year, and the very ones when the financial transactions were the largest. The regular estimate which I now present, however, ought to be of a better kind, for it is based on eleven months' actuals for nearly all the receipts and for all civil expenditure in India and 10 months for army, marine, and public works; leaving only one month, or in some cases two months, for estimate, which estimate is based again on the actuals of the last months of former years. But even for the last month we have obtained actual data for some important branches of the receipt side especially.

Another cause of the uncertainty in the regular estimates has been the adjustment of many items in the twelfth month. And this cause may perhaps to some extent operate to throw out parts even of the regular estimate I now present. We have striven to ensure these adjustments being made more and more regularly month by month; so that the pressure may cease to be thrown on the close of the year.

Still after allowance shall have been made for all that can fairly be said in defence of our estimates and accounts, the recurrence of deficits in time of peace, and the discrepancies between estimates and results which have so frequently happened, do compel us to search for and remedy whatever defects there may be in our system. Despite the many improvements that have been effected, the result proves that some defects must still remain. Two main defects I have above indicated—one of which was vital, certainly. They have been, as we hope for the most part, remedied. We shall strive to make the remedy more and more complete after each year's experience.

Over and above these, however, there doubtless are lesser defects. Addressing this

Council

Council in November last, I said "We must examine more thoroughly than heretofore the monthly statements of actual receipts * * * We have such an examination now; but we must have it more strictly in future; we must check our financial conclusions more immediately by actuals up to the latest day; we must base our estimates more strictly on the actual results up to date, and less on general conclusions."

I need hardly add that we are acting, and shall act more and more closely on these views.

Having thus dealt with the years 1868–69 and 1869–70, I arrive at the third and most important part of my exposition, namely, the budget estimate for 1870–71.

The receipts are taken at 52,327,755 *l.*, or 52⅓ millions, to be compared with the 52,942,482 *l.* or 53 millions estimate for the year just closing, 1869–70.

The land revenue estimate is an aggregate of the estimates received from the local Governments, which have not been materially departed from in any case. There is a decrease of 513,646 *l.* as compared with the previous year, of which the return was swollen by the inclusion of the waste land receipts and the collection of some arrears. The effects of the drought of 1868–69 have been felt throughout 1869–70. The stocks of grain in some parts of the country are believed to have become exhausted. The rains of last season, though somewhat delayed, were ultimately abundant. In many provinces the harvests have been good. In some districts, however, there are still fears. On the whole, the advent of the ensuing rains must be looked for with some anxiety.

The decrease of 28,070 *l.* under tributes arises from the capitalization of the Holkar tributes in 1869-70 already alluded to.

The forest revenue shows a continued increase, more than balanced, however, by increased cost on the expenditure side.

Under Excise we venture to expect a small increase of 39,300 *l.*

The item of assessed taxes I shall reserve for further mention hereafter.

For the Customs we have only taken 2,416,500 *l.*, being the same amount as that which we have received in the year just expired, during which so much commercial depression has prevailed. That the present yield should not be greater than it is, must be regarded as an unfavourable indication respecting the condition of the people of India. In some places the inhabitants are impoverished by the late drought, or are still apprehensive about their crops; and are unwilling to buy European clothes or other things comparatively luxuries, until they are sure of their food; all which circumstances cause the up-country markets to continue slack. Still in most parts of India the people are advancing in prosperity as much as ever; and regard being had to this consideration, a revival of trade might be hoped for. Again, there have been fluctuations in the trade: January, a very important month, turned out badly; but February was better. March, the month just over, has been a little more favourable. On the other hand, the reports issued by the Calcutta Chamber of Commerce have been, and still are, unfavourable, and the opening of the Suez Canal has caused some forestalment of imports, and consequently of duty. I trust that things will not become worse than they are, and that we shall receive at least as much in the year 1870-1 as we have received in 1869-70, but I know no fact which would justify me in raising the estimate.

We have carefully considered the expediency of reducing or remitting the export duty on rice exported from India and from Burmah. This branch of trade was for some months much depressed, but has of late shown signs of improvement. The depression, however, arose, as we believe, from other causes besides the duties. The prices of produce are rising rather than falling. The demands in China and Japan seem likely to become more brisk; indeed, scarcity is understood to prevail in some parts of Japan. Though fully sensible of the objections which can be urged against these duties, yet looking to the circumstances of the case and to the financial exigencies of the time, we have decided not to propose any change in the duties at present.

We propose to remit the export duty on shawls and on a few insignificant articles; and on the other hand to include some others in the tariff, and to levy the duty on galvanised iron *ad valorem*. These modifications are not expected to cause any loss of revenue. The shawl duties have operated as virtually transit dues on the shawls from Cashmere, and as regards the British Indian shawls, it is well that they should not be weighted in their competition with the shawls of other countries.

In my last statement I alluded to the progressive increase in the foreign trade of British India, and I stated that the sum total of value had risen from 95 millions in 1866-67 to 101 millions in 1867-68. Since then the ascertained trade of 1868-69 has amounted to 106 millions in value. But after some years of satisfactory progression, the year 1869-70 is almost certain to prove one of retrogression. We now possess the complete returns for nine months of that year, and they show a decrease of 8 per cent. in value and 5 per cent. in quantity as compared with the corresponding period of the preceding year. That the comparison as regards value should be less favourable than that as regards quantity is accounted for by the fact that there has been a reduction of the valuations by tariff. Still there is a falling off of 5 per cent. on the whole; and this is specially perceptible in some important staples of import, such as piece goods and metals, and of exports, such as cotton, rice, and indigo. One important item of export, namely jute (fibres) has kept its place as well as ever. The cotton export of 1868-69 amounted to 700,000,000 lbs., or 1¾ millions of bales; but the quantity for 1869-70 will prove considerably less. In 1868-69 there were 11½ millions of pounds of tea exported; the quantity for 1869-70 seems likely to prove as great. In 1868-69 there were 48 millions of pounds of coffee exported; the quantity for 1869-70 will certainly prove less. The causes of the depression of trade must doubtless be sought for

Appendix, No. 3.

in other countries besides India. But they have been aggravated by the drought and distress which have prevailed in some parts of India itself.

The salt revenue has been taken at 6,177,370 *l.*, an amount considerably over that of the previous year, chiefly because the increased duty in Madras and Bombay (5 annas per maund) is to operate for the whole of 1870-71, whereas it operated for only half of 1869-70.

For the opium revenue we have taken 6,922,281 *l.*, of which 4,905,281 *l.* pertain to Bengal and 2,017,000 *l.* to Bombay. The Bengal estimate has been taken at 975 rupees or 97 *l.* 10 *s.* per chest on 49,000 chests. For the first three quarters of the year, the provision is, with the exception of a small deficiency of 1,104 chests, actually in store. For the last quarter, from the information given by the local government, we trust that the number of chests is tolerably certain. To provide it we ought to sell 52,000 chests in 1871, a supply which we hope to be in a position to bring forward, but which is certainly not likely to be much exceeded. The real doubt is as to the price per chest, the calculation of which solely depends on forecast. The price, as the Council know, averaged 1,379 rupees, or 137 *l.* 18 *s.* per chest, in 1868-69. In 1869-70 it has averaged 1,199 rupees or 119 *l.* 18 *s.* It has fallen with an unfortunate regularity from 1,324 rupees or 132 *l.* 8 *s.*, at the beginning of the year, to 1,093 rupees or 109 *l.* 6 *s.* at the close. So far as we can judge from China advices and from local prices, the tendency is downwards. The Government of India possesses now a mass of information, which, though not always clear, does in the main show that the cultivation of the drug is increasing, and is likely to increase further, in China itself. So far as opinion goes, nearly all authorities believe that the opium trade of India with China will be subjected to a degree of competition not heretofore experienced. Taking all these things together, I anticipate the possibility of a further fall in prices, and have considered the rates to which prices have fallen within recent experience. They have gone as low as 900 and 850 rupees a chest. Though hoping that they will not again fall so low, yet I consider that no estimate of a higher average than 975 rupees or 97 *l.* 10 *s.* a chest would be safe; and a reasonably safe estimate we must have. So also with the Malwa opium, having regard to the manifold fluctuations of the Bombay market from year to year, even from month to month; and to the probability of its sympathising with any fall on the Bengal side, I do not consider that any estimate much over 2 millions would be safe. We are, indeed, receiving 2¼ millions (2,357,000 *l.*) for the year just closed, which quite fulfils the estimate. But then we only received 1,800,000 *l.* in the preceding year, when circumstances were more favourable than this. The estimate of the current year, though realised at last, has been a constant source of anxiety. The present crop is reported to have been seriously injured by unfavourable weather. Judging by all known circumstances, I should fear that a falling off may shortly be looked for. So recently as November last, we were confidently assured by the authorities at Indore that we should not realise even two millions in the year just closed.

On the whole, it will be seen that our opium estimate stands at 6,922,281 *l.*, or 6¾ millions, being less by 1,031,159 *l.*, or one million, than the receipts of the previous year; while our expenditure is expected to rise by 164,910 *l.* making a total deterioration under this head of 1,196,069 *l.*

It will be observed that a decrease of 1,604,600 *l.*, or 1½ millions under stamps, is balanced by an increase of 1,692,700 *l.* under law and justice. This represents the transfer of the receipts of judicial stamps (now levied under the new Court Fees Act) from the one head to the other.

The large decrease of 677,298, or ⅔ million, under the head of miscellaneous, arises from the fact of there having been extraordinary receipts, commonly known as "windfalls," in 1869-70, which are not expected to recur.

The railway receipts net are taken at 3,125,258 *l.* at an increase of 211,084 *l.* over the year just passed, that is 6,795,058 *l.* gross earnings, less 3,669,800 *l.* working expenses, the traffic being represented by seven millions of tons and 15 millions passenger journeys; and all this on 4,840 miles of open line. These are high figures; if realised, they will indicate a satisfactory progress of railway traffic; they are rendered by the Public Works Department. Seeing that some 600 miles of new line are to be opened in the year, increase of traffic may be looked for; but then there will be an increase of working expenses. On the whole, this item must be regarded as necessarily uncertain, as being dependent on traffic, the growth of which we cannot exactly foresee.

I now turn to the expenditure side, and shall notice together, firstly, the items of the increase; and, secondly, the items of decrease.

There is an increase of 270,032 *l.* in interest. This increase is due to our having to pay a full year's interest on the loans of 1869-70, on which only half a year's interest fell to be paid in that year; to a large amount of interest properly pertaining to 1869-70 being thrown forward to 1870-71, owing to the late arrival of the last English mail; and to a new loan to be raised this year, the particulars of which I shall explain presently.

There is an increase of 117,606 for forests, which is almost met by the corresponding increase of revenue. Also there is, as already stated, an increase of 164,910 *l.* in opium, owing to extension of cultivation, and of 27,944 *l.* in excise for the purchase of opium for home consumption; these items also tend directly to increase of revenue. Similar remarks apply to the increase of 103,299 *l.* in salt, attributable chiefly to the arrangements for the manufacture of alimentary salt at the Sambhur lake in Rajpootana, and in various parts of North West Provinces, and of Oude, all which measures are connected with fiscal improvement.

The

The increase of 178,698 *l.* in law and justice is due chiefly to the transfer of discount from stamps, the revenue from which is now to be credited as law and justice receipts, and to the charges for the service of processes, which, with the corresponding receipts, are now entered in the Imperial accounts.

The increase of 66,498 *l.* in education will not be regretted.

The increase, 126,681 *l.*, in superannuation allowances, is due to the reductions in the police (which involve gratuity payments) and to the anticipated operation of the rule for the compulsory retirement of public servants at the age of 55 years.

There are small increases under several civil departments, such as land revenue, ecclesiastical, medical services. These are inevitable, as they are brought about by the progressive scale of salaries so frequently allowed of late. In recent years it has been thought more economical to sanction gradual progress towards a maximum than to allow the maximum at once. Of course, this practice, however good in itself, does at first cause the expenditure to rise slightly from one year to another. The increase in law and justice arises partly from a transfer of charge from the head of stamps, which department shows a corresponding decrease.

An increase will be observed of 56,181 *l.* for the electric telegraph department, not counterbalanced by any increase of receipts from this source. This arises chiefly from stores not having been sent out from England during the current year, so that an extra supply must be paid for in 1870-71.

The increase of 275,268 *l.* in railway charges relates chiefly to interest, and is due to more capital being raised in England for the prosecution of the works.

The increases of all kinds amount to 1,496,219 *l.* or 1½ million, apparently a large sum. But the above analysis shows that 678,964 *l.*, the aggregate of the increase under forests, excise, assessed taxes, salt, opium, and railways, is absolutely necessary to be laid out in order to bring in a more than corresponding return of revenue. Again, 452,894 *l.*, the aggregate of the increase, under interest, telegraph, and superannuation allowances, is inevitable, and under existing rules is not preventible by any action we could take. Thus the sum of 1,131,858 *l.*, or nearly three-fourths of the total increase, is demonstrably indispensable. To this category the increase for education forms, of course, a special exception.

On the other hand, among the decreases of expenditure, there is the item of 129,633 *l.*, under interest on service and other accounts; this arises from cessation of payments on the police superannuation and medical funds, and to the Presidency banks for temporary advances.

There is a decrease of 120,936 *l.* in the police department, of which, however, a part is owing to the reduction of pay from gross to nett upon the abolition of the superannuation fund, the rest being due to reduction of establishments. The decrease of 481,009 *l.* in the marine department is mainly owing to the large adjustment in 1869-70 of irrecoverable advances. Here also is included a sum of 70,000 *l.* as the contribution of the Government of India towards the maintenance of naval squadron to be kept up by the Admiralty in the Indian seas, as already explained.

In the army charges, there is an important reduction of 731,551 *l.*, or ¾ million; the total being lowered from 16,476,892 *l.* to 15,745,341 *l.*; this is partly nominal, the expenditure in England in 1869-70 having been in some respects abnormal. But about two-thirds are real, brought about chiefly by the reductions in the general staff in India, and in the European cavalry and infantry, as sanctioned by Her Majesty's Government, after some correspondence with the Government of India. We have been only able to take a very small decrease on account of the reductions in the artillery and the Native army, regarding which the recommendations of the Government of India are under the consideration of Her Majesty's Government in England. After setting off the diminished recoveries which we expect, the net estimated saving in the army is 554,016 *l.*, or half a million, the net expenditure for the army being estimated at 15,009,116 *l.*, or just 15 millions, a lower sum than has been paid in any year since 1863-64.

The grant for public works ordinary exhibits a reduction of 1,041,995 *l.*, or more than a million; the amount for 1870-71 being 3,998,400 *l.* against 5,040,395 *l.* in 1869-70, and 5,834,160 *l.* in 1868-69. Thus in the course of a year we have lowered our grant by 1,835,760 *l.*, or more than 1¾ millions, or 31½ per cent. on a total of about six millions. The necessity for such reduction, which must of course retard the completion of many useful works, is much to be regretted. But financial exigency is imperative.

I should add that out of the above grant of four millions, 658,955 *l.*, or more than half a million, represents the expenditure on the new barracks for the European troops.

The total of these decreases amounts to 2,883,669 *l.*, or nearly three millions. This for the most represents real reductions of establishment or of works; and by it may be measured, to some extent, the efforts made by the Government of India to meet the financial exigency of the time.

The Council, remembering that retrenchments made on paper have sometimes failed to be carried out, and that reductions in estimate are sometimes found to be not realised in actual accounts, may ask me how I can affirm that the above large amount of reduction will really be effected? To this I should answer, that the largest part of the reduction, that relating to public works, is so far certain in that the disbursements depend solely upon the grants. No more than what has been granted will be disbursed, and the orders in detail regarding the grants have been sent already to the several local governments. So with the army reductions; those which I have allowed for have actually been sanctioned by the

Appendix, No. 2.

Secretary of State, and the orders have gone to the proper authorities; some have even been carried out; for instance, two cavalry regiments have actually embarked for England. Some further reductions are almost certain, but we have ventured to allow for them only the sum of 70,000 *l.* So with the interest reduction, the charges in question have actually ceased. Again, as regards the police reduction, a part of it is quite certain, nothing more being needed than orders to the audit department; and to the rest of that reduction the local governments have actually signified their agreement.

The increases being balanced against decreases, the result is an expenditure of 52,164,315 *l.*, or 52½ millions, against 53,568,076 *l.*, or more than 53½ millions, of the preceding year, with a net reduction of 1,403,761 *l.*, or nearly 1½ million of expenditure.

In framing the estimate I have not forgotten that there are certain pecuniary claims on the part of his Highness the Náwab Názim of Bengal, still pending. I cannot at all foresee whether they will be found sustainable. We have decided that we are not justified in making any budget provision in this year on this account.

After this analysis of the receipts and expenditure of the current year now commencing, I must ask the Council to revert to the heading of assessed taxes, which I reserved for separate consideration. We have taken for this the sum of 2,180,000 *l.*, or nearly 2⅕ millions sterling. The additional rate of one per cent. levied by Act XXIII. of 1869, in order to bring the one per cent. rate up to two per cent., expired on the 31st of March. As the law stands, then, at this moment, the one per cent. is all that is leviable. According to the experience of the year just over, 1869–70, the yield of one per cent. would amount to 700,000 *l.* Now, if we were to take that amount only, instead of the 2,180,000 *l.* now taken, there would be a difference less of receipts to the extent of 1,480,000 *l.*, or 1½ million, and this difference would cause a deficit on income below ordinary expenditure of 1,316,560 *l.*, or 1⅓ million. As the Council so well knows, we could not at this time appear before the public with a deficit in our budget. At least we could not adopt such an alternative while any legitimate or reasonable resource remained to us.

My exposition of the estimate of the receipts will have proved to the Council that the revenues generally are flourishing, though not quite so prosperous as they sometimes are. But in one important item, opium, there is a serious falling off, mainly owing to events and circumstances in China.

I have shown to-day what large reductions of expenditure have been effected, always with hard effort, and sometimes with much sacrifice. Then I have shown how inevitable are most of the increases of expenditure. Still, after reckoning the sum of these as a set-off, the net result is a decrease on the whole of nearly 1½ million (1,403,761 *l.*) of expenditure. I by no means intend to imply that reduction has reached its final limits; we shall continue to strive for further reduction more and more; but it is impossible to say at what time or on what date additional reductions may take effect. Indeed, the incessant demands made on the treasury for countless objects of reform and improvement are too well known to the Council to require recapitulation here. Meanwhile we must take the receipts and expenditure as they are expected to stand. And with a deficit of 1⅓ million distinctly apparent, some recourse to additional taxation, some resort to means of enhancing income, becomes altogether unavoidable. Considering the actual deficits which have occurred in past years, and the circumstance that the year just over is expected to close with a substantial deficit, instead of the equilibrium that was expected, and this, too, despite all the exertions that have been put forth, we regard it as essential to the due administration of the finances and to the maintaining of the financial credit of the country, that yet further exertions should be made. Moreover, this is, if possible, even more needful than ever, since, as shown in my last financial statement, the public credit is to be pledged for the construction of extraordinary public works of a character remunerative to the State and beneficial to the people.

We are therefore compelled to propose, however reluctantly, to raise the income tax to 6 pies in the rupee, or 3⅛ per cent., and to apply to this Council to vote us the power of thus covering by additional taxation the deficit which must otherwise be presented.

As explained in my last financial statement, there are great difficulties in immediately adding to our resources by any other means than direct taxation. If then the revenues are to be immediately enhanced, this can only be effected by the help of the income tax.

Such then is the proposal which I have, on behalf of the Government of India, to make to this Council, together with a request for leave to introduce a Bill for the imposition of an income tax, at the rate of six pies in the rupee.

I need not repeat the arguments used in my last financial statement regarding the imposition of an income tax in India. It is with regret and reluctance that we bend to the necessity of raising the rate from 1 to 3⅛ per cent. within so brief a period. But the recurrence of deficit at this time cannot otherwise be prevented.

I have stated the rate at 3⅛ per cent. In England, as the Council knows, there is no per-centage rate adopted for this purpose; the duty being levied at so many pence in the pound sterling. We have determined to adopt, as in England, a poundage in place of a per-centage rate. Following that principle, I have to propose that the duty be for the future taken at so many pies in the rupee; two pies would be assumed as the approximate equivalent of one per cent., four pies at two per cent., and so on. I should add that this mode of rating the duty will be somewhat (though very slightly) in favour of the revenue.

But if the rate is to be thus raised, then the principle of rough assessment by classes in the

the schedule which regulates the existing tax, can no longer be adhered to. A system which may have worked sufficiently well while the rate of duty was low (that is, one per cent.) will no longer work satisfactorily when the rate becomes higher. When people come to be assessed to six pies in the rupee income tax, they will assuredly demand a more precise mode of assessment than that which now prevails. The tax-payer will require that the assessment be made upon some fair estimate of his particular income, and will not be content to be assessed upon an average derived from the maximum and minimum incomes of a class. Now, if anything like an assessment on estimated income of each individual tax-payer is to be attempted, returns of income must be called for from the tax-payers. Or even if with the lower classes of income the collector may be able to dispense with the returns, he must clearly have the power of calling for such returns in all cases of more considerable income, and with the higher classes of income he should be obliged to call for such returns. The new Bill, then, which I have to lay on the table provides for the assimilation of the procedure to the more regular methods of assessing income tax; care having been taken to render it as simple and easy as possible, consistently with the important object in view. If the Council shall grant me leave to introduce the Bill, I shall have further opportunity of explaining its provisions.

Having thus explained the principle of the tax, I must advert to the method by which the estimate of its probable yield has been framed. As the Council will have observed, the amount is taken at 2,180,000 *l.*, of which 2,100,000 *l.* is assumed at the known rate of 700,000 *l.* for each one per cent., and 80,000 *l.* for the gain by the substitution of 6 pies in the rupee for three per cent. I say known rate, inasmuch as the regular estimate of the one and a half per cent. income tax of 1869–70, based on data of 11 months' actuals, gives 1,051,600 *l.*, which again gives 700,000 *l.* for one per cent. This seems a sure foundation to proceed upon, especially as it is known that in 1869–70 the tax was exposed to disadvantages which will not recur. Some portions of the tax collected in the first month had to be credited to the preceding year; the extra one per cent., imposed in the middle of the year, could not be fully realized at first; some arrears are indeed known to be outstanding. This consideration justifies our expecting more than 700,000 *l.* for one per cent. and our assuming 700,000 *l.* for each one per cent.; though otherwise it might be apprehended that each ascending step in the percentage would yield somewhat less and less. The estimates of the local governments embodying what they intend to demand and collect, framed for a 1½ per cent. tax, amount in the aggregate to 1,103,740 *l.*, which at three per cent. would yield 2,287,480 *l.*, which is more than what we have ventured to take. Then we have compared the yield of the first income tax of 1860. The only year in which that tax was fully collected was 1861–62, when it produced 2,054,696 *l.*, or just over two millions at four per cent. on incomes down to 500 rupees (50 *l.*) and at two per cent. on incomes between 500 rupees and 200 rupees (20 *l.*). What portion of this belonged to the division between 500 rupees and 200 rupees, I cannot state; but it must have been small. On the whole it may be said that we now expect to get from a three per cent. tax rather more than what we got from a four per cent. tax 10 years ago, showing an expected improvement of 25 per cent., and more. This seems a reasonable expectation, when it is considered not only that the income of the country has greatly increased within the 10 years, but also that our administration of these kinds of taxes has improved. As a proof of the improved administration, I may observe that in 1864–65 there was a three per cent. income tax like the one now proposed. It yielded 1,300,000 *l.*, which gave 433,000 *l.* for each one per cent. But then the assessments made at the outset had been continued without alteration from year to year, and the administration was less strict than it now is; though it is still far from being as strict as it might be. But we have seen that in 1869–70 one per cent. yields 700,000 *l.* for one per cent., showing an improvement of 61·7 per cent. over 1864–65.

As to the duration of the new income tax, I can make no promise whatever. It is our earnest hope that the tax may not last beyond the current year 1870–71, at its present rate. But the realization of any such hope must be entirely dependent on circumstances.

Such then is the budget for 1870–71, the estimate of receipts amounting to 52,327,755 *l.* or 52⅓ millions, and of ordinary expenditure to 52,164,315 *l.* or 52⅛ millions, leaving a small surplus of 163,440 *l.*, a balance which hardly amounts to more than an equilibrium. We bear in mind that the above estimated surplus is very small; smaller than we should wish it to be; smaller indeed than it ought to be. But then what difficulties, what sacrifices we have had to undergo, in order to make it even the little that it is! The Secretary of State has enjoined us to provide a substantial surplus if we possibly can. His Grace commenting on my last financial statement, wrote thus:—"In previous financial despatches to the Government of India, it has been stated that your estimates should be so framed as to show a probable surplus of from half a million to a million sterling; in that opinion I concur * * * I have already called your attention to army charges * * * and I shall hope to find that you have been able to effect reduction of expenditure also in some other branches of administration. Unless this can be done, it is clear that it will be necessary to devise some means of increasing the annual income, or otherwise a failure in the full estimated receipt from opium, the loss of any portion of revenue from unfavourable seasons, or any extraordinary military charges, would certainly convert the estimated surplus into a large deficit."

My exposition to-day will have shown how hard we have striven to act up to these instructions. We have reduced the army charges and other expenditure. We have devised means of increasing the annual income. But we have not yet been able to provide a surplus

Appendix, No. 3.

of half a million in the estimate. To effect this, we must have proposed a greater reduction of expenditure than what we can surely reckon on effecting within the year; or else we must have proposed additional taxation even beyond the proposals I am announcing to-day; and the difficulty of doing this is manifest. But though we are unable to provide the surplus to-day, the necessity of such provision within the earliest practicable time is constantly present to our consideration. Until this is fully effectually provided, I shall not be able to affirm that our finance is in a satisfactory condition. As yet I can only express my hope that it will be found to be improving.

Besides the ordinary expenditure, we are prepared for an expenditure of 3,062,300 *l.*, or over 3 millions, on public works extraordinary, to be provided for by loan, of which 1,732,500 *l.* or 1¾ millions are for irrigation works, and 1,229,800 *l.* or 1¼ millions, for State railways. The irrigation works relate to projects in Bengal, in Madras, in Bombay, in the North-West Provinces, in the Punjab, in Oude, and in the Central Provinces.

The principle of constructing some portion of the railways in India by direct State agency instead of through companies, has been further affirmed during the year by the Secretary of State. The lines on which the above expenditure is to be incurred, are the Lahore and Peshawur Railway, the railway between Delhi and Jyepore passing through the salt-producing districts of Rajpootana. Within the year it has been decided that the Bombay special funds works shall no longer be classed as extraordinary, but shall be included in the category of ordinary works: they are, therefore, not included in the above description. I may here note that the purchase of the property of the ElphinstoneL and Company will not form any charge to the State.

I may here add that negotiations are in progress with the Maharaja Holkar, whereby his Highness will provide funds at 4½ per cent. interest for the construction of a railway from Malwa to join the trunk line of the Great Indian Peninsula Railway.

A desire has been often expressed that an audited account should be promulgated annually of the sums raised for, and spent on, public works extraordinary. Such an account is now being prepared, and is to be kept up from year to year. We have decided to commence the account from 1869–70, being the year when the classes of works to be reckoned as extraordinary were for the first time defined, and when the raising and the expending of money for those purposes were regulated on that principle.

I have now to advert to the loan arrangements of the year 1870–71.

It will be recollected that in my last financial statement I announced a series of loans aggregating five millions, of which one million consisted of renewal of old debt, 3½ millions of loans for public works extraordinary, and half a million to recoup the cash balances for advances made to municipalities. The renewal of one million has been effected within the just expired year. Of the 3½ millions for public works extraordinary, two were to be raised in India, and 1½ in England. The half million has been raised in England, instead of being raised, as was first intended, in India.

In my last financial statement, however, I mentioned that the cash balances are not even yet restored to their due proportions, and I added that "if, as the year proceeds, the accounts shall be unfavourable, some additional temporary resource will have to be provided." Within the year, the Government of India has accepted an offer of the Maharaja of Puttiala to invest 400,000 *l.* in our public securities. This having now been treated as permanent debt, we have decided to consider it as having been raised for public works extraordinary.

This sum, added to the sums raised on account of the three millions and a half loan which were slightly in excess of that amount, brings up the total to upwards of four millions.

Out of the four millions raised as above for public works extraordinary, and held at the credit of this branch of the Public Works Department, 2,616,743 *l.* or more than 2½ millions, are being spent in the year, leaving 1,383,257 *l.*, or nearly 1½ million, balance in hand due by the loan department to the public works, and to be carried on to credit in the State account of the works.

So much for the year 1869–70; then for the year 1870–71, the proposed arrangement is as follows.

As I have already explained to-day, the proposed expenditure during the year on public works extraordinary amounts to 3,062,300 *l.*, or just three millions to be provided for by loan.

The Secretary of State has intimated his intention of raising two millions in England, leaving us to borrow in India such sums as may be found necessary to carry on the works on the scale intended. But considering that we have, as shown above, a balance in hand of loan money to the sum of 1⅔ millions from 1869–70, we are unwilling to borrow if we can help it. And in the present state of our cash balances, there is no apparent necessity for bringing out any loan in India at all. It is not then our intention to raise any funds by loan until the autumn at least. By that time, the prospects of the year will be more clear, and our position in respect to ways and means can be reviewed, and a further decision as to the necessity or otherwise of raising any loan can be arrived at. But it is our hope (as at present informed) to conduct the finance of the year without further loan.

I should here add that in December last, we decided that the holders of the 5 per cent. Public Works Loan of 1855, amounting to two millions, which fell due for repayment on the 31st March, should have the option of either receiving payment in cash, or of accepting fresh stock of the four and a half per cent. loan. The returns are not quite made up, but about

about seven-eighths of the stock has been, or is being, tendered for conversion; so that it may be said that our terms have been generally accepted. This, indeed, is only what might have been anticipated, inasmuch as for some time past the 4½ per Cent. stock has been quoted at or above 2 per cent premium.

Such being the provision made for the ways and means of the year, I have to explain the returns of the cash balances. In my statement of last year, I explained what a variety of large items, over and above the revenues and expenditure proper of the Government, contributes to make up this great account. It has been found, however, that the old form of statement was in some respects obscure, and an improved form has been devised, as the Council will see, according to which the figures are exhibited for the years 1868-69, 1869-70 and 1870-71. As the returns received from England often affect those obtained in India, both categories have been combined in this statement. I shall just glance at the main features of the statement for 1870-71, so as to make the technical designations intelligible. The headings of ordinary income, of ordinary and of extraordinary expenditure, are taken from the budget of the year as to-day presented. The heading of deposits and advances comprises the finances of the local funds, the funds of the civil services, the judicial deposit branch, the advances for local works and for a variety of purposes. The heads of local remittances and inter-provincial and inter-departmental transactions represent the unadjusted expenditure of India, and are interesting items. The remittance account between England and India comprises a large amount of civil service pensions, and a variety of petty advances in the military branch. There are also a good many unadjusted items under this head. The bills of exchange represent the amount remitted from India annually to meet the expenditure in England. The railway capital heading means the amount raised in England for the construction of railways in India. Here it may be observed, that year by year we are spending more in India than we raise in England; this arises from the fact that in previous years we spent less in India than we received in England, and that we have now to make up the difference. The last item, namely, "borrowed," must be taken together with the item of "debt paid." This year we are to borrow 5¾ millions (5,808,770 *l.*), but then we are to pay off old debt of 2¼ millions (2,220,470 *l.*), which leaves 1,830,000 *l.* for the Elphinstone property at Bombay, and 1,758,300 *l.*, or nearly two millions new loan in England. In all 3,588,300 *l.* or 3½ millions will be added to our debt.

I must now advert to the amount of the cash balances. According to my last statement, we hoped to commence the year just closed 1869-70, with a cash balance of 11,917,473 *l.* or close on 12 millions, but we really did commence it with a balance of only 10,175,804 *l.* or less than 10¼ millions. In case this discrepancy be attributed to some fault in the account department, I should, in justice to that department, explain that such is not the case; for that part of the statement which depended on the account department turned out correct enough; the discrepancy occurred in that part of the estimate for which the Government of India is responsible. The difference indeed arose solely from the income of the year 1868-69 being less, and the expenditure more, than was anticipated. The causes I have already explained to-day in the earlier part of this exposition. Again, in my last statement, the cash balance at the close of the year 1869-70, was estimated at 11,627,310 *l.* or 11½ millions. It is now expected to amount to 13,644,859 *l.* or more than 13½ millions. The Council will naturally ask how it is that, notwithstanding the financial troubles of the year, we end with more money in the treasury than was expected? The answer is, that out of the 3½ millions borrowed for public works extraordinary during the year, we have still one million in hand, and that there was the Puttiala loan besides to the amount of 400,000 *l.* Also the accident of the first English mail of last month, March, not having reached Calcutta till just after the close of that month, has caused a quarter of a million of bills and drafts, which were expected to be paid in March, that is, in 1869-70, to fall into the following year, 1870-71. This too partly accounts for the difference observable in the cash statement between bills drawn and bills paid. The last-named sum of the cash balance is still, however, to some extent only an estimate which may be disturbed by variations in items on either side of an account, which, both sides taken together, amounts in all to 168 millions. This estimate then of cash balances is nothing more than the balancing entry at the end of a really vast account. It has, however, been further checked by the actual assets in the various treasuries in India at the latest dates. On the 31st January last, there were actually 11,839,097 *l.* or nearly 12 millions in hand; on the 28th February (the latest month), there were 12,692,129 *l.* or over 12½ millions. Telegraphic estimates received from the several local accountants general so recently as yesterday, make the actual cash balances on the 31st March 13,500,000 *l.* These estimates being framed with a knowledge of the actual balances at the presidency towns, and with recent information as to the state of the balances at the more important treasuries in the interior, are not likely to be far wrong. The result, thus derived from opposite and independent data, corresponds very nearly with the amount (13,644,859 *l.*) worked out from our estimate, and gives me considerable confidence in its general accuracy. The estimate must be exhibited in this manner, under our existing system, although it is exposed to so many chances. But I have now endeavoured to narrow the uncertainty by the comparison with the actual assets at the commencement of the eleventh month of the year, and at even later dates, which leaves a margin of one month only, or even less than one month, for uncertainty.

Commencing then the current year 1870-71, with a cash balance of 13½ millions as above seen, we estimate the receipts of our general treasury, including revenues, deposits, recoveries, loans, and the like at 84,265,466 *l.* or 84¼ millions on the one side; and the disbursements, including expenditure, ordinary and extraordinary, payments on account of

Appendix, No. 3.

debt, of Secretary of State's bills and the like, at 73,696,023 *l.* or 73⅔ millions on the other side, leaving a balance of 10,569,443 *l.* or 10½ millions, as the cash balance at the close of the year. It may be here asked why we expect the cash balances to be less by three millions this time twelvemonth than they are now. The answer is, that we are to spend one million on public works extraordinary more than we borrow; that we are to advance half a million for the construction of railways in India more than we receive on that account in England; that the remittance account shows an adverse balance; that in the deposit and advance account, the payments are slightly to exceed the receipts. These several items fully account for the difference.

Having now completed my exposition of the finances, I shall, before concluding, mention that the subject of the financial relations between the Supreme Government, and the several local governments is still under the consideration of the Government of India. I have, of course, formed and recorded my own opinion on the whole subject. But it is really not in my power to say anything regarding the matter on the present occasion, as I cannot tell what decision will be arrived at, or by what time, if formed, it could be carried out.

I may here add that some additional portion of the cash reserve of the paper currency department, will probably be invested in Government securities. The Council may remember that in my last financial statement, I mentioned that the note circulation had risen to an amount above ten millions; it has since then risen further at one time to a sum between 11⅓ and 11⅔ millions, though of course there are fluctuations from time to time. The gradual and progressive increase in the circulation has been held to justify our enhancing a portion of the reserve which is held in Government securities. The amount thus to be held in securities is limited by law to four millions. We propose to extend that limitation to six millions, and for this we have the express sanction of the Secretary of State. I have introduced a Bill for this purpose into this Council. The operation if authorised would be cautiously tentative, and some considerable time may elapse before the limit is approached.

It is a source of much regret to me that we have not yet been able to promulgate the rules, long since prepared, for the further development of savings banks in the interior of the country. But it has been necessary to consult many local authorities, and some delay has been unavoidable. The matter is, however, receiving attention.

As the Council probably knows, no marked result has as yet been produced by the Notification of November 1868, whereby it was announced that the sovereign would be taken at the Government treasuries as an equivalent for *Rs.* 10 4, instead of 10 rupees as before. The total number of sovereigns received in the Calcutta Treasury alone since that date exceeds 150,000. The importation of gold into India from November 1868 to January 1870 amounted to 7 millions sterling against 6 millions of the corresponding previous period.

In my last financial statement, allusion was made to the satisfactory condition of our public credit as proved by the prices of the Government stocks of all denominations. This favourable indication has again lasted throughout the year 1869-70, and this notwithstanding the prospect of the revenues turning out less, and the public expenditure more, than was estimated for. During this year the premia on Government 5 per Cent. stock reached 9¾ per cent., which rate was maintained through the months of June and July 1869; at the same period the premia on 5½ per Cent. stock exceeded 14 per cent.; the price of 4 per Cents. at that time ranged between 94 and 95, a rate that has since been steadily maintained. The gradual decline since 1868 in the value of 5 and 5½ per Cent. stocks may of course be attributed to the diminution of the period for which the loans at those rates have currency. The loan of two millions bearing four per cent. interest, which was raised in India in April, the first month of the year, was subscribed on favourable terms, that is to say, at the average rate of 90 $\frac{5}{16}$ for every hundred rupees; the result being that the money was obtained at just over 4½ per cent. Subscriptions were invited by tenders, that is, by open competition. Though the amount required was not more that two millions, yet the aggregate of tenders came to upwards of 5½ millions, and the number of persons who made tenders came to 611. Of the amount of tenders accepted, about one-fourth belonged to natives of India; again out of 246 parties whose tenders were successful, 121 were natives.

Such then is the budget for 1870-71. The main points in my exposition have been—

That, for 1868-69, the deficit of income as compared with the ordinary expenditure, originally estimated at one million, has, from various causes, swollen to 2¼ millions.

That, for 1869-70, instead of the equilibrium expected to be maintained between income and ordinary expenditure, there will be a deficit;

That, nevertheless, this deficit, which at one time threatened to be great, has been much reduced by additional taxation and by retrenchment of expenditure;

That from this additional taxation and this retrenchment of expenditure, the total gain to the finances within the year has amounted to 1¾ millions;

That, for 1870-71, there is estimated a small surplus of income over ordinary expenditure;

That this estimate is arrived at after doubling the income tax, and reducing expenditure in the army and on the public works by 1¾ millions;

That

That after balancing increases against decreases of all kinds, there is still a net reduction of 1¾ million on the total expenditure of all descriptions;

That, in 1870–71, there are to be two millions of new taxation as compared with 1868–69, and three quarters of a million as compared with 1869–70; which taxation, however, for the most part, falls on the middle and upper classes, and but little on the poorer classes of the natives of India;

That the expenditure on public works ordinary which stood at 6¾th millions in 1868–69, has been reduced to 5 millions in 1869–70, and to 4 millions for 1870–71;

That, besides the ordinary expenditure, there has been an extraordinary expenditure on reproductive public works, to be provided for by loan, 1868–69 of 1¾ millions, and in 1869–70 of 2½ millions, and that in 1870–71 there is proposed to be an expenditure of 3 millions;

That while the expenditure on public works ordinary has been falling, the expenditure on public works extraordinary has been proportionably rising;

That for the public works extraordinary, in 1869–70, there were borrowed 4 millions, out of which 2½ millions have been actually expended in the year, leaving 1½ million in hand;

That for the carrying on of public works extraordinary in 1870–71, at an expenditure of 3 millions, there are 2 millions to be raised in England, and that no new loan is to be raised in India at present, save the quarter of a million to be advanced by the Mahárájá Holkar for State railways;

That the object of our financial arrangements at present is to surmount the difficulties of the time, without adding anything to the national debt for ordinary expenditure;

That we are striving to adhere strictly to the principle of accounting separately for sums borrowed for extraordinary and reproductive public works.

In concluding my exposition last year, I spoke of growing commerce and of expanding income. To-day, unfortunately, I have had to speak of trade depressed and of income diminished. But last year, I spoke also of an ordinary expenditure held in control; of the application of State capital to material improvement; of the resources furnished by public credit. And to-day, fortunately, I have been able again to speak of these. Last year the burden of my exposition was the existence of deficit. My hope then was that the deficit would be put an end to, but to-day I have had to acknowledge that the evil still exists, despite our efforts for its extinction. Once more, however, we have endeavoured to provide for at least an equilibrium, and even for a surplus. It remains to be seen whether this will be accomplished; but at all events no exertion will be spared for its accomplishment. And although great financial difficulties have occurred, still the general condition of the people, and the continued progress of the country, encourages us to hope that those difficulties, already so strenuously encountered, will be ultimately overcome.

His Excellency the COMMANDER IN CHIEF.]—"My Lord, the time being very short which is to elapse before I quit India, I trust your Excellency in Council will excuse me for offering a few remarks to-day, instead of waiting for the discussion on my honourable friend's projects, which will take place at a date prohibiting my presence with regard to my engagements.

"In the first place, I would venture to say that the proposal to raise the income tax has, under the special circumstances which have been stated, my full support. I have always been opposed to a high income tax in India, and I am opposed to it still, and I have been engaged in many a struggle against such a tax for this country when reasons could not be assigned sufficient to satisfy my judgment. I believe that a sound policy, under ordinary circumstances, demands that an income tax should not exceed one per cent. in India, and that a higher rate should be reserved as the resource for extraordinary emergencies.

"It must, I think, be admitted, with regard to what was published under the authority of Government last year, that although it may be inappropriate to apply the word 'crisis' to our difficulties of the autumn, it is certainly accurate to say that an extraordinary emergency had arisen. Unfortunately, as so clearly shown by my honourable friend, we are still labouring under the difficulties which may thus be called extraordinary, the inference being that the Government is justified in having recourse to what, I for one, must characterise as extraordinary.

"In support of this position I need hardly remind the Council that, whatever the good-will of the departments of administration, the financial effect of reduction, even if as large as described by my honourable friend, stands, as he has so forcibly impressed on the Council, in need of other assistance. In short, it is to the development of resources, as well as to ministerial reduction, that we must look for relief of an effective kind. Perhaps, however, with my views about an income tax, I may express the hope that, at no great distance of time, other financial arrangements may lead to a reduced income tax. I may give utterance to the belief that the budget, now produced by my honourable friend, is one of transition; a budget which, by its trenchant, but as I hope temporary, dealing with the income tax is to afford the time which is required for the elaboration of other plans (plans calculated to add to the responsibility of local administration) to add to its independence

Appendix, No. 3.

with a corresponding relief of the Imperial revenues. In support of this view I may mention that the Income Tax Bill is framed so as to affect but one year only, and that it will expire on the 31st March 1871.

"I now pass on from the general question of the policy of taxation announced by my honourable friend to a subject with which I am more immediately connected.

"It is apparent to the Council, from the figures laid before it, that certain credit is taken for military reductions, which either have been ordered, or which are expected to be ordered, in the course of the current financial year. The actual nett financial result has been stated at half a million of decreased expenditure. This result might have been larger but for circumstances beyond our control. Rather more than a year ago we received a very peremptory order from the Secretary of State to revise our military expenditure with the view, if possible, of reducing it by a million and a half of money. The challenge was fairly accepted by the Government, and after prolonged and careful consultation, comprehensive schemes were sent to England, which, if carried into execution, would not finally have fallen far short of a million in their economical results. These schemes affected the British cavalry and infantry in India, the British artillery, and the three Native armies. It was believed that these schemes had overcome the practical difficulty of all military reductions, namely, the combination of economy with the maintenance of existing strength where it was really wanted, the insurance of a considerable saving of money, without in any manner sacrificing military efficiency or political security. The strength of the British forces was to be maintained at the same number as that comprehended in the existing establishment, the staffs, both of the army and of the administration, were to be clipped, while the Native forces were to be reduced in the provinces where, with the advance of civilisation and in a peace which has now lasted for three-quarters of a century, the Government is able to dispense with a large part of its army.

"This opinion, with regard to Madras, is not only that of this Government, but we learnt from the Governor of Madras in Council two years ago, that he considered his military establishment too large; this opinion was uttered emphatically, and, to the best of my recollection, without solicitation from elsewhere.

"My testimony may not be worth much, but when appealed to for an opinion as Commander-in-Chief of the Bombay Army about the year 1864, I admitted that that army was capable of reduction with regard to the wants of the peaceful provinces it guards. At the same time some regiments were employed in guarding jails; that is, performing the duty of policemen.

"I now understand that Madras is willing to do something of the same sort with her soldiers. But I believe I am not wrong when I assert that the cost of a military sepoy is actually more than double that of a police sepoy, this difference of cost being produced by the larger number of officers connected with the former, the more expensive armament and clothing, and so on.

"Now it is clear that, if the expensive military sepoys are not wanted for other purposes, it is an extravagance to keep them up for civil ones, which would be as well, some say better, performed by the inexpensive policeman.

"I have often heard it asserted (I am not sure that I have not myself made use of the argument in former times) that it may be well to keep up a military reserve beyond immediate actual wants, and to employ this reserve on such duties. I am led to believe now that such an argument is hardly defensible, the more especially since our modern means of movement cause the State to hold at its disposal a military reserve not previously existing, namely, in the power for rapid combination and concentration of the forces from almost any part of the Empire.

"I believe that my honourable friend the Lieutenant Governor of Bengal has strong opinions on this matter, it being one of his recommendations, for an important part of the territory subject to him, to substitute military policemen for soldiers, on the ground of economy first, and, with regard to the special duties required, of efficiency also. I am not prepared to say that I entirely go along with my honourable friend, as I cannot hide from myself that the effect of military demonstration on the mind of a barbarous and uncivilised people is not without considerable political advantages, even if the soldiers be kept in a state of idleness as compared with the activity of policemen in discharge of duties. I am not prepared to admit that any duties of a military nature, which may be done by military policemen, may not be at least equally well done by the regimental sepoys. If there be failing with the latter, either as regards efficiency or mobility, this failing of efficiency or mobility is not really to be attributed to a particular organisation, but to those who direct forces, whatever may be their denominations. But this I do say, that that opinion is right in principle which asserts that a given duty, if it canbe done by economical means, should be so performed, and that we therefore should shut out from our consideration all proposals having in view more expensive means of action for the avowed purpose of cherishing ancient establishments.

"In this Presidency it may be said, without fear of contradiction, that the Government of India has long been superior to any such considerations, the Army having been treated and considered solely with a view to its public uses only.

"Accordingly, when reviewing the forces last year, when considering our wide frontiers, and the extremely dangerous character of a large portion of them, the necessity of occasional concentration for the prosecution of a campaign almost at a moment's notice, we came to the conclusion that we must maintain the number of British and Native troops in Upper India as an absolute military and political necessity, although we might do something by the reduction of some corps, with their officers, and the manipulation of the remainder towards

towards the reduction of expense, and also to show that the Bengal Army would not escape its share of the general discomfort following on a large measure of reduction. Appendix, No. 3.

"I would ask the attention of the Council to consider the enormous area guarded by the Bengal Army, stretching as it does from Peshàwar in the West, over twenty-five degrees of longitude, to Debrugarh in the East; I would invite you to consider the object of an army posted in the Panjàb, which not only looks to the peace of the frontiers and of the province, but is the guarantee of our foreign relations. I would ask you to recollect the duty of the Government of India as a paramount power to insist on peace being kept by the numerous feudatories subject to her.

"In a speech which I lately read of Mr. Grant Duff's, I observed that he could find no proper illustration of the areas and distances in India but the map of the whole of Europe, excluding Russia; in point of fact the honourable gentleman was referring to arrangements and distances in this our Presidency of Bengal only. In an empire of this magnitude it is interesting occasionally to scan the forces holding the possession. I think their slender numbers, when they come to be investigated, may fairly excite the surprise of the civilised world, if those numbers are compared with the duties performed, and the absolute security provided for the vast provinces and populations and outlying dependencies of this empire. I invite the attention of the Council to a Return I hold in my hand furnished by the Military Department at my request.

RETURN of Nominal Establishment and of Actual Strength of Troops in India, 29th March 1870, according to latest Returns received in Military Department.

	Nominal Establishment.	Actual Strength.
British Forces in India - - - - - - - - -	61,634	55,333
Bengal Native Army (including Panjàb Frontier Force) -	63,131	60,900
Madras Native Army (including 4,729 serving in Bengal, China, and Straits) - - - - - - - - -	32,431	31,202
Bombay Native Army - - - - - - - - - -	26,880	25,178
Total - - -	184,076	172,613

Note.—The establishment of British troops has been recently altered to some extent, but details of future establishment are not exactly known.

The establishments given do not include 7,086 officers, including those in civil and miscellaneous employments.

The nominal establishment inculdes certain corps under the Foreign Department in Rájputána. They are not included in the column of "Actual Strength of Troops under this Department."

Owing to the overland relief being in progress the actual strength of British troops is lower than it would otherwise be.

"Well, my Lord, from these slender numbers we proposed to reduce 10,000 Native troops, on the understanding that they would be taken from the Provinces where they are admittedly not wanted, but that military strength is to be carefully preserved where it is wanted.

"As a Commander in Chief about to hand over my not inconsiderable responsibilities to a successor, I can only say that I dare not recommend a reduction on any other principle. If we reduce our troops to a minimum we must have them in places where they are really wanted, and where they are quickly available, and we must pay much attention to the military character of the tribe or population from which our Native regiments are recruited.

"I am sorry to say we have not as yet been able to come to an agreement with the Secretary of State on this matter. I venture to think his advisers have not appreciated the value of the principle I have stated with regard to the slender general figure of our modern military resources. Agreed as we are, both in England and in India, that a reduction is proper, I trust this Government will be permitted to give effect to it in that manner alone which appears to be safe and sound. Otherwise there should be no reduction.

"Financially, this becomes the more important when it is recollected that the troops in Southern India are much more expensive than those in this Presidency.

"So far for the general question of distribution and reduction of troops.

"With reference to our European Forces, according to the figures I have already read, it must, I think, be clear to the meanest apprehension, that we have reached the absolute minimum. I believe that, by means of certain changes which have been laid before the Home Government, these Forces may be actually rendered more efficient than they now are, while their cost is considerably reduced. Our proposals are before Her Majesty's Government, who, to a certain extent, have moved in the directions indicated by us with regard to the infantry, although, as respects the cavalry and artillery, we are as yet unacquainted with the conclusions formed at home. The number of infantry corps has been reduced, but the number of infantry soldiers remains as heretofore.

Appendix, No. 3.

"My Lord, I have been in the most important situations in these armies for more than twelve years. I have been an acquiescing party to the successive reductions in European strength which began with the cessation of hostilities in 1859, because, till the last reduction of four years ago, I held the opinion that we were still maintaining war establishments. But I am convinced that we should not go further, and that to attempt a diminution of the existing British Forces in India is an inexpedient fraught with so much danger as not to be thought of.

"Although it is a mistake to say, as it is so often alleged, that the British Empire in India is merely one of the sword, and although we recollect that this empire really rests on a policy founded on justice and the rugged British character, it is nevertheless true that a certain armed British demonstration is absolutely necessary for dominion over public opinion, and the insurance of the institutions to which we trust for the civilisation of the country. It is, to your administration, what iron is to the blood—on the due proportion of the iron, vital power depends.

"I came out to India in 1857, to assist in putting out the terrible conflagration which had been caused by the forgetfulness of this simple truth on the part of the authorities responsible for India in this country and at home. I pray to God that such blindness may not overcome again those who have to answer for the destinies of this magnificent country!

"My Lord, there are many things on which I could willingly descant with reference to the systems, and the recourse to more economical arrangements, which might be pursued in these armies. In those with which I am acquainted, namely; of Bengal and Bombay, I believe the existing system is working fairly well. So far as I am able to judge, the discontent which was rife some years ago has generally died out. For Madras I cannot answer, as I have no personal knowledge of the Army of that Presidency. But the changes which have been stereotyped with us, and have now lasted for many years, are comparatively new to Madras. For such things, the action of time is at least as much required as any artificial resource. This, as yet, Madras has not enjoyed.

"Your Excellency has had an opportunity of seeing the troops of this Presidency on two great occasions, and also, I believe, in Bombay; and I will leave it to you to say whether in appearance they can be surpassed by troops of other countries. During the last few years, there have been the campaigns of Bhután, Abyssinia, and Hazára; and it is but right to say, for the troops, that their zeal, readiness, mobility, and forwardness in the field were not to be surpassed. There is one thing, of which in the interest of true economy and of political safety, I would warn the Government, and, perhaps, I may say the officers of the army. I would warn them against the vice which is apt to creep insidiously over all armies in times of peace, namely, the tendency to press for more comforts, more material advantages, in short, for things which cause the soldier to forget the object of his enlistment, and to believe that he is to be preferred to the public economy.

"In a country of caste like India, unless the officers who deal with the native troops watch themselves, the influences of caste are apt sometimes to affect even the British officers, and to cause them occasionally to think caste-interests of greater importance than military ones. This mischief was actually seen in the old Bengal army. It does not, I believe, now exist, at all events in this army of Bengal; but I must repeat, it requires never ceasing vigilance to prevent the vicious tendency from cropping out.

"In the British army we have not this to contend against; but we have something else which also requires the utmost watchfulness. I allude to what may be called the exaggeration of sanitation-theories, which, while exhibiting at times the utmost difference of opinion among the authorities proffering their advice, would, not seldom, if listened to in their integrity, deprive the British soldier of his usefulness altogether for the purposes on account of which he is brought to India. Whilst warning against the exaggeration, I gladly admit the facts of the great improvements of late years for the health of the British soldier, and I believe I have not been slow to forward them during my long term of office in Bombay and this Presidency.

"I have had the great satisfaction of urging forward the two new Hill-stations of Chakráta and Ránikhet, the former of which is already occupied by a British regiment, and the latter will receive some 500 men this year. I think this policy may be still further extended, and that we may safely create Hill-stations for three more British regiments, in addition to those already occupied. Then, in addition to our sanitary depôts, we should never have less than seven or eight entire corps on the mountains in this Presidency; that is to say, a fourth of the infantry regiments quartered in the Himalaya as entire corps, while very large detachments from the remaining infantry, the cavalry and artillery, would fill the depôts. My recommendations to this effect have been before the Government for some time.

"As a matter of economy as well as of humanity to our countrymen, this policy should be extended to the utmost limit consistent with political security.

"In the course of my remarks, I have adverted to the new military strength accorded to us in these days, as compared with former times, in the power for immediate combination and concentration. This reflection leads us at once to another point, namely that, in the combination of the Military Departments of the several Presidencies into one War Department under the Government of India, with a corresponding change in the system of command-in-chief, may be found a measure giving at once improvement in economy and increase of strength. There should be but one War Department, which would at once involve the consequence of one Ordnance Department; in short, the concentration of the army in the largest sense in the hand of the Government of India. This need by no means interfere with

with the local character of the native forces of the other Presidencies, a character which, I believe, a sound policy bids us carefully to maintain.

"It has always appeared to me that, in this country, many things are centralized which ought to be local and dependent on the Local Governments; whereas those establishments are kept separate, and, as it were, almost distinct from the immediate control of the Supreme Government, which, from the nature of things, especially belong to it. Such is the case with military administration. We do not see the Federal States of America maintain distinct military organisations for the payment of which Congress is responsible, although, in other matters, the provincial Governments of the States exercise a very large power.

"There is no reason for separate military administration in Madras or Bombay, which would not equally apply to the several Governments making up this presidency. So long as this separate system lasts, I am hopeless of real economy or of breaking down the influences and jealousies which meet your Excellency at every turn when economical schemes issue from this Council. I need hardly remind this Council that I ventured to utter these opinions very many years ago, when they might have been supposed to be contrary to my personal interests. A long and practical experience of government and command, first in Bombay, and afterwards in association with the Governor General, have only tended to convince me that these opinions are right and should be carried into execution. Whenever reforms in such a direction take place, I may say, with regard to the office I am about to lay down, that some modification is necessary.

As your Excellency is aware, I received the instructions of the Secretary of State for India, when I was appointed to this command, to be as much with Government as possible, regard being had to my essential militaty dutics. That instruction was enforced by the orders of his Royal Highness the Field Marshal Commanding in Chief. Well, I have tried to fulfil those instructions, and have been more assiduous in my seat in Council than, I believe, the great majority of my predecessors. Not sparing exertion and activity, I have sought to carry out my duties of inspection in hurried spring and autumn tours. I believe that, in consequence, the troops have been visited by head-quarters quite as much as in former commands. But the strain imposed in the attempt to carry out the instructions with regard to the two sets of duties has been often such as almost to exceed the strength of any man, while my visits to the several stations and my residence among the troops have been shorter than I could have wished; this not unnaturally caused my mode of exercising command to be misconstrued in many quarters. I think, then, that, in any revision of the establishments with regard to economy or other considerations that may be entertained hereafter, the points I have mentioned, although personal to myself, are not without significance, and should be duly weighed. How the necessities of the administration, on account of what is now done by three military departments, and how the military command should be dealt with in the three presidencies, in order to overcome the inconvenience and the want of economy now experienced, I have more than once during the last ten years suggested to Government. It is sufficient to say that we have, in my opinion, the right model in France, where the head of the army is the executive War Minister, while the Military Command of the Corps d'Armée is conducted by lieutenant generals whatever their titular military rank.

"There is one more point to which I would invite the attention of the Council, that being the tendency to growth of non-effective establishments. I need not advert to the statements of General Hanyngton and Colonel Broome, beyond uttering the remark that, while these distinguished authorities differ in detail, they are agreed in presenting a picture of future liability which is positively alarming. In short, we are threatened with the serious danger of all our economies in India, in the combative forces being eventually greatly more than swallowed up in the growth of the non-effective expenditure. Under such circumstances, a further greater danger might be forced on by public outcry, involving perilous reductions to meet non-effective charges.

"It has been my duty, more than once, to submit my views as to how this difficulty may be fairly and properly encountered while there is yet time. It would be premature to dwell on the suggestions of one member of this Government on this particular subject, which I presume must be sooner or later dealt with in an authoritative manner, and may be said to be still *sub judice*, although this Government and the Secretary of State have not as yet come to an agreement on the subject. But I need not suggest to the Council that the subject is one of great and of increasing importance. My honourable friend in charge of the finances cannot press his attention too strongly to it.

"In conclusion, my Lord, as one who has been intimately associated with the armies of India for more than a quarter of a century, and, for the latter half of that period, has been in places of the greatest responsibility, who has watched the causes and progress of change through this long period, and has been in general one of the chief executive authorities for carrying out the reforms impressed on us from time to time by Her Majesty's Government, I may, at this last moment of my discharge of duty, declare my confidence in the military arrangements sanctioned by your Excellency in Council, and my belief that the army does justice to the care bestowed on it by the Government."

His Excellency the President.] "I am anxious on this occasion to deviate somewhat from the usual course, and to make to my colleagues in this Council a statement with regard to the proceedings of the past and ensuing year of the Department of Public Works, of which I am the Member of Council in charge.

"I believe that great advantage would be derived if this practice were more generally adopted, and if Members of Council in charge of the great expending departments of this

Appendix, No. 3.

Government would take advantage of the production of the budget to lay before their colleagues a short abstract of the mode in which these great sums of money have been and are to be disposed of, in order to give to the public an opportunity of knowing in detail how these sums are likely to be expended.

"I think, therefore, that in adopting this course, I am adopting a course which is now pursued in almost every Government in the world, namely, that at certain periods of the year, even under the most absolute rule, ministers do, on their own responsibility, make statements on the position of the departments over which they preside.

"Should the course that I now propose to take with regard to public works in India receive the general approval of the public, I propose to extend that practice to another year, and endeavour to induce some of my colleagues to make similar statements.

"No other opportunity is likely to occur—I regret that the present hour is so late, but still I am anxious that at the earliest possible moment the public should be placed in possession of those important facts to which I now invite the consideration of my colleagues.

"Many of these facts which I now bring forward and state to the Council would, in ordinary course, hereafter be laid before the public. But we are all aware that when facts such as these are merely stated in various departmental reports, they are necessarily stated at great length and in a somewhat disjointed form, and my belief is, that these matters do not receive from the Indian public that fair attention which their importance deserves, and I think the Government would obtain much advantage from wider criticism and greater discussion of these subjects by those who take an interest in public affairs.

"With this preface I propose to make as brief a statement as I can as to the expenditure of the Public Works Department during the past and ensuing years,

"The total expenditure on public works in England and India for 1869–70 will be about 8,000,000 *l.*

"I give the figures as nearly as possible in round numbers.

"This great sum will be divided into two heads, viz., Ordinary and Extraordinary expenditure; the Ordinary expenditure representing that which we expect to be able to pay out of the revenues of India, and the Extraordinary, that which is to be defrayed by loan.

"Under the head of Ordinary we shall have spent in the year which has just come to a close a sum of something like 5,300,000 *l.*

"Under the head of Extraordinary we shall have spent the sum of 2,600,000 *l.*

"Of the 5,300,000 *l.* which I have just mentioned under the head of Ordinary, 5,000,000 *l.*, as nearly as possible, will be spent on public works. The remainder will be made up of smaller items, such as state railways, official expenses connected with guaranteed railways, and loss by exchange.

"In the Extraordinary expenditure for the past year, the great item will be that of two millions of money spent on irrigation works; a small sum has also been taken for the comencement of state railways.

"The principal items of expenditure in India under the head of Ordinary will be—first, for military works nearly a million and a half sterling, of which the original works will take about 1,200,000 *l.*, and repairs 227,900 *l.*

"£. 478,000 will be spent on agricultural works, of which 192,000 *l.* will be taken for original works, and 279,000 *l.* for repairs.

"£. 680,000 will be spent on civil buildings, of which the original works will cost 562,000 *l.*, and the repairs 122,000 *l.*

"We then come to the important item for communications, which really means the construction and repairs of ordinary roads. In the year that is just closed we shall have spent under this head, as nearly as possible, 1,000,000 *l.*; 600,000 *l.* of which will be spent on original works, and 4,900,000 *l.* in repairs.

"A smaller item of 58,000 *l.* follows for miscellaneous and public improvements, and then there will be the great item of 1,000,000 *l.* for cost of establishment, of which 70,000 *l.* will go for tools and plant.

"These will form the principal items of the Ordinary expenditure of the Government of India in the Public Works Department for the year just closed.

"Of the million and a half spent in India on Extraordinary works in 1869–70—

	£.
Irrigation works will take about	950,000
State railways about	144,000
The Bombay special fund	350,000

and the remainder will be made up of smaller items.

"It will be interesting to the public to know how this large expenditure of 6½ millions was distributed among the various Presidencies.

	£.
Madras will have received from its public works, about	835,000
Bombay	1,450,000
Bengal	1,360,000
N. W. Provinces	865,000
Panjáb	866,000
Central Provinces	328,000

"The remainder will be distributed between British Burma, Oudh, Hyderabad, Rájputána, Central India, Coorg, and Port Blair.

"In

"In the middle of the year 1869-70, as the Council are aware, upon investigation and inquiry made at Simla into our financial position, the absolute necessity of an immediate reduction in the Public Works Department became apparent to all the members of the Government. After the fullest and most careful consideration, we came to the conclusion that unless a large reduction was made in this item of expenditure, it would be impossible to look to financial safety in the year. We, therefore, with very great reluctance, made up our minds to a reduction of the public works expenditure of the Government of India to an amount of nearly 800,000 *l.* the actual sum being 792,500 *l.*

"Well, the necessity of the case was speedily recognised in a manner that was almost surprising, and with scarcely a single exception, the local governments so far seconded our efforts, that the result has been obtained, and it appears that a saving will have been effected in the Public Works Department's Ordinary expenditure during the year even to a greater extent than was suggested.

"There are only two cases in which local governments will have exceeded their grant. Madras will have exceeded its grant by the small sum of 3,000 *l.*, while according to the latest accounts Bombay will have spent 29,700 *l.* more than the reduced grant.

"This is the only case where a local government has been unable to carry out to the full the orders and wishes of the Government of India.

"I find that Bengal will spend less than the reduced grant by 2,400 *l.*, North-West Provinces 500 *l.* less, Panjáb 82,700 *l.* less, Central Provinces 14,300 *l.* less, British Burmah 30,900 *l.* less, while the smaller governments will show a proportionate reduction. The result will be that, under this head of public works expenditure, the reductions that were ordered in so unusual a way will be entirely and successfully carried out.

"When we think of the very great sacrifice that the local governments have been called upon to make, when we know the great interest they take, and justly take, in all these works, I must say that the Government of India are deeply indebted to those Governments for the manner in which they have adopted our recommendations, and for the way in which, at very great sacrifice, they have been able to carry out our wishes.

"Well, so much for expenditure in the Public Works Department in the year that is just passed.

"I now propose to lay before the Council a similar statement with regard to the expenditure of the year upon which we have entered.

"I must, however, remind the Council that both as regards the past and the future years these statements are to a certain extent approximate. It is impossible, speaking on the second day of the financial year, that the fullest information with regard to the past can be at the disposal of the Government of India, and, as every one knows, with regard to the future the statement I am about to make is one entirely of estimate. All I can say is that in respect to large expenditure much power rests in the hands of the local Governments if they choose to exert it, which I am sure they will to keep the expenditure within the estimate, and in some instances to realize even more than the suggested saving.

"The expenditure, then, for the ensuing year in the Public Works Department will be placed at about 7,475,500 *l.*

"Of this 6,900,000 *l.* will be expended in India, and 500,000 *l.* in England.

"Under the head of Ordinary, 4,300,000 *l.* will be expended, and under the head of Extraordinary 3,100,000 *l.*

"Of Ordinary, the large sum of 3,900,000 *l.*, or nearly 4,000,000 *l.*, will be spent entirely on public works; the rest will be made up of the smaller items, such as official expenses connected with guaranteed railways, Calcutta and South-Eastern Railway, and loss by exchange.

"In Extraordinary, that is, the loan-works for the ensuing year, the two great items will be 1,730,000 *l.* for irrigation, and 1,220,000 *l.* for state railways. This head of expenditure appears for the first time in any magnitude in the public accounts. The remaining item is a smaller one for Port-trust works at Bombay.

"Well, then, of the 4,300,000 *l.* to be devoted to ordinary works, the military works will take about 1,120,000 *l.*; of that 900,000 *l.* will be expended on new works, and 200,000 *l.* on repairs.

"The ordinary agricultural works will take 490,000 *l.*, the greater part of which will be spent on original works, repairs, with a small outlay on guaranteed irrigation works.

"£. 518,000 will be spent on civil buildings, of which the new works will demand 390,000 *l.* and the repairs 120,000 *l.*

"£. 840,000 will be spent on communications, that is, on roads. The expenditure on roads and repairs will be divided very nearly in equal parts, as the original works will come to 400,000 *l.* and the repairs 430,000 *l.*

"There will be a small sum of 40,000 *l.* spent on miscellaneous public improvements.

"The cost of establishment which directs the whole will stand at something less than it did last year, being 900,000 *l.*, and 60,000 *l.* for tools and plant.

"As I said before, of the 3,100,000 *l.* which will be spent on Extraordinary works:—

	£.		£.
Irrigation will take - -	1,700,000	Tools and plant - - -	180,000
Origininal works - -	1,200,000	State railways - - -	1,200,000
Establishment - - -	300,000	And Port Trust works -	150,000

Appendix, No. 3.

"This gross sum will be as nearly as possible distributed to the different local Governments in the following proportions:—

£.	£.
817,000 to Madras	1,137,000 to N. W. Provinces.
1,370,000 to Bombay.	1,800,000 to the Panjáb, and
1,212,000 to Bengal.	300,000 to the Central Provinces.

"The reason for the Panjáb figuring for such a large sum this year is, that the great State Railway from Lahore to Pesháwar is to be commenced this year in that province.

"The remainder of this large sum will be divided between British Burma, Oudh, Hyderabad, Rájpootána, Central India, Coorg, and Port Blair.

"In round numbers, then, the expenditure on public works in 1869-70 will have been 8,000,000 *l.*; in 1870-71 will have been 7,500,000 *l.*, or 7½ millions. But a heavy payment of an unusul character took place in 1869-70. Of the 1,400,000 *l.* which was spent in England in 1869-70, 1,040,000 *l.* was paid to the shareholders of the East India Irrigation and Canal Company for their property, which is better known under the name of the 'Orissa and Soane Irrigation Company.'

"If, therefore, this heavy item be left out, it will bring down the real expenditure in 1869-70 to 6,900,000 *l.*

"From this point of view, therefore, the total estimated expenditure for 1870-71, namely, 1,400,000 *l.*, is in reality half a million more than the corresponding expenditure for the past year; so that if we exclude from the expenditure of the year that is just closed the payment for the property of the Orissa Company, we hope during the ensuing year to expend on works of public utility a much larger sum than we spent during the past year.

"But I must remind the Council that those great sums of eight millions in 1869-70 and 7½ millions in 1870-71 by no means represent the whole of the expenditure on works of public utility, and for which the Government is responsible in India.

"We shall pay in 1869-70 £. 1,570,000 in interest and nett charge on account of railways. The railway companies under Government guarantee will spend in the same year upwards of four millions on construction; so that in reality the gross expenditure on works of public utility in India during the past year, and the necessary expenses, that is, payment of interest on loans expended for similar objects, will amount to the enormous sum of nearly fourteen millions.

"In 1870-71, that is, in the ensuing year, in addition to the 7½ millions before referred to, we shall spend as our nett charge on account of railway interest 1,600,000 *l.*, and the railway companies under Government gnarantee propose in the same year to spend upwards of 5,100,000 *l.* on construction, making in all a total for the present year of upwards of 14,288,000 *l.*

"I wish the Council particularly to note these facts, because I do not believe that it is generally known that there is such an enormous expenditure going on in India for works of public utility.

"If we put these two great sums together, we shall have expended in the two years ending 31st March 1871, either from ordinary revenue, either from loan for interest, or through the agency of the railway companies under Government guarantee, the enormous sum of 28½ millions upon works of public utility in India, and their cognate expenses.

"This sum that we shall spend in two years is considerably more than the annual revenue either of Spain, of Italy, of North Germany, and three times as much as that of Holland.

"Now as to the proportion that these great sums bear to our own revenues. I find that in a calculation which has been kindly made for me by the Secretary of the Financial Department, the amount of nett available revenue of the Government of India for the year 1869-70 can only be counted at 28,900,000 *l.*; when I say available revenue, I mean those sums placed at the disposal of the Government of India the distribution of which is within their power; that is to say, that in making this calculation I deduct all imperative charges over which we have no control, such as costs of collection, charges, payments of interests, and charges for pensions, any payments made under treaty engagements, &c.

"If after making these deductions we take the nett available revenue of India for this year, we find that it only amounts to about 28,000,000 *l.* We shall have spent out of that sum in the year just closed, out of the revenue of the year, as I stated before, a sum of 4,800,000 *l.* on public works ordinary, which is nearly 17 per cent. on our nett available revenue. In the year 1870-71 we expect that our nett available revenue will be 28,090,191 *l.*, and that we shall spend on public works ordinary 3,800,000 *l.*, which will be nearly 14 per cent. on those resources over which the Government may be said to possess control.

"To look at it in another way: I find that the whole expenditure on public works, that is, the nett expenditure (deducting recoveries), amounts to 13,800,000 *l.* for this year, so that comparing that with our nett available revenue, we shall have spent on works of public utility during the past year something like 47 per cent. The per-centage will be increased during the present year, so that in reality we expect to spend within the ensuing year on works of public utility in India a sum nearly equal to half of our entire available revenue, and I believe this is an effort in the direction of public improvement that has hardly ever been attempted by any other nation in the world.

"But I wish now to explain to the Council the different proceedings which are to be undertaken during the ensuing year by the Government of India under various heads in the

Public

Public Works Department, and for this purpose I shall place what I have to say under the heads of military works, civil works, agricultural works, irrigation, &c., and railways. Appendix, No 8.

"Under the head of Military Works, the total sum spent in 1870–71 will be 913,000 *l.* for original new works, and 214,000 *l.* for repairs, making a grand total of 1,127,400 *l.*

"The sums for new works may be classed under the following main heads; viz.:–

	£.
Accommodation for troops generally	654,305
Ordnance factories	147,100
Gasworks	5,500
Water supply	21,495
Works of defence	61,000
Roads to important hill stations	19,000
For Port Blair	4,650
Making in all a sum of	£. 913,051

"Of the total sum assigned for 1870–71 under the heading of 'Accommodation of Troops,' viz., 654,304 *l.*, the bulk has been devoted towards carrying on the great scheme of barrack accommodation for the British soldiers that has now been in progress for the last five years.

"It has been necessary to subdivide the allotment over nearly all the stations at which European troops are quartered, in view to provide for the urgent requirements at each station in the way of shelter; but it has been an object to concentrate the expenditure as much as possible, on the completion of barracks and hospitals now in progress, rather than on the commencement of new buildings, for by so doing it will be possible to complete a very considerable amount of shelter at each station during the year. The largest assignments have been made for the most unhealthy stations, or for stations at which the accommodation is most backward; thus,—

	£.		£.
Saugor	29,000	Kurrachee	20,000
Morar and Gwalior Fortress	25,000	Peshawur	15,000
Mhow	19,000	Ahmednugger	17,000
Nusseerabad	19,000	Jubbulpore	15,000
Belgaum	22,000	Fyzabad	20,000

"At other stations, where the call for accommodation is not so urgent, the allotments are somewhat smaller than the foregoing; thus,—

	£.		£.
Ambála	11,800	Nowgong	10,000
Ráwal Pindí	7,500	Bellary	5,000
Seetapore	9,000	St. Thomas' Mount	5,000
Neemuch	14,000	Kirkee	10,000

"The allotment for Barrackpore, 7,700 *l.*, will complete the barracks for both the single and married men of the two companies of artillery at that station.

"The allotment of 8,000 *l.* for Allahabad will also complete the accommodation of the regiment of infantry and battery of artillery at that station; so also will the allotment of 5,000 *l.* complete the buildings for the single and married men of the regiment of infantry at Cawnpore.

"Liberal provision for extending the accommodation at hill stations has also been made. A sum of 7,500 *l.* has been set apart for completing the temporary accommodation of the regiment of infantry at the New Hill station at Chakráta.

"An allotment of 10,000 *l.* has also been made for proceeding with new barracks at the New Hill station, Rání Khet, and an aggregate sum has also been allotted to the Old Hill stations at Dugshai, Kussowlie, Subathoo, Baloon, and Murree.

"The next item for consideration is that of the ordnance factories. The most important works under this head are the Snider factories and ordnance buildings in Bengal and Bombay (we do not yet know whether we shall be able to proceed this year with the Madras factory), and are specified as follow:—

Snider factory, Dum-Dum,
Ditto - Kirkee,
Ditto - St. Thomas' Mount, Madras,
Gun Carriage Agency buildings in Allahabad,
Powder works, gun carriage buildings, and magazine, Kirkee.
Hydraulic lift, graving dock, Bombay; and we hope some progress may be made in the new gun foundry at Cossipore.

"Funds are provided for completing the gasworks for lighting the barracks and cantonments at Allahabad and Rawul Pindee. These works are now far advanced, and are expected shortly to be completed.

"The next item is that of the water supply. The important projects under this head are—improved water supply for the large station of Ambála, and also for Trimulgherry, Kirkee, Ulsoos Tank (Bangalore).

Appendix, No. 3.

"With regard to defence works, the most important of these are the harbour defences of Bombay, and the Rangoon pagoda and harbour defences.

"With regard to roads to hill stations, the sum allowed for this work is for opening up communications from the plains to the important hill stations of Ráni Khet and Chakráta.

"This, then, is a description of the works proposed to be undertaken during the ensuing year under the head of 'Military Works.'

"Under the head of 'Civil Works,' one of the principal grants will be made to Kurrachee Harbour. The Grant for these works for 1869–70 was 26,500 *l.*, which was subsequently reduced to 25,500 *l.* The Grant for next year is 26,500 *l.*

"The estimates for these works aggregate about 430,000 *l.*, of which it was expected that about 260,500 *l.* would be expended up to the 31st March 1870, so that at the present rate it will take many years to carry out the scheme.

"But I wish to say, with regard to these works, that we hope to place them upon a somewhat different footing, and we are already engaged in seeing whether a local trust may not be created by which advances may be made, and therefore it might be possible hereafter that a portion of this expenditure may fall under the head of 'Extraordinary.'

"With regard to the Godavery navigation, the original Grant for 1869–70 was 70,000 *l.*, which was reduced to 50,500 *l.* The Grant for 1870–71 is 30,500 *l* only; all these figures being exclusive of establishments. The Grant for the First Barrier Works will practically complete them, and a good deal of progress may be expected with the anicut and locks at the Second Barrier.

"The construction of the road from the Dharwar Frontier to the Port of Karwár is a very important work.

"The Grant for the year 1869–70 was 13,340 *l.*, and for 1870–71 it is 15,000 *l.*

"This will probably complete that line of road.

"A sum of 147,500 *l.* has been passed for improvements to the Bombay Harbour, 100,000 *l.* of this being for the Moody Bay Reclamation.

"The whole of the expenditure it is proposed to debit against the Port Trust, which, it is hoped, will soon be constituted, on arrangements for the purchase of the property of the Elphinstone Company being concluded.

"With regard to the Madras gaols, the great progress made within the past two years with the new central gaols in that Presidency has allowed of a considerable reduction in the Grant assigned to them in 1870–71, namely, from 32,400 *l.* in 1869–70 to 9,768 *l.* in 1870–71.

"This latter sum will practically complete the principal gaols.

"In Calcutta a sum of 40,000 *l.* has been assigned for the new High Court, which sum will complete it if the estimate be reliable.

"It has, however, been found necessary to leave the University and the Imperial Museum without any grant, as it is considered that it is much better to complete one work at a time than to endeavour, and only partially to complete, four or five.

"Amongst Civil Works the reduction in the Grant made in 1869–70 was distributed nearly equally between buildings and roads, so that the per-centage of the reduction on the latter head was considerably smaller than on the former. The diminished expenditure on ordinary roads is, however, far more than compensated for by the increased expenditure on railways.

"I now come to the important item of Agricultural Grants.

"There never was a year in which the benefits of irrigation were more decidedly evidenced than in the last year. The interesting reports from the North Western Provinces on this subject have attracted the notice of the public, and the statements which have been made are most remarkable and encouraging.

"In the unusually dry season of 1868–69 a great calamity was averted. It is stated on the authority of the Government of the North Western Provinces, and of the canal officers engaged there, that in that Province alone 1,425,702 acres were kept in a state of fertility which would otherwise have been unproductive.

"Colonel Brownlow and his officers exerted themselves to the utmost, and the result was that by their influence and constant energy, they persuaded the people to make use of the water principally for this purpose. The result was that in those irrigated districts there was a considerable increase in the production of the lower class of cereals, and I find that the 2,786 acres of that description of crop which were under irrigation in 1867–68 have increased in 1868–69 to the amount of 85,281 acres.

"The returns exhibit an increase of the extent of land watered of 665,023 acres over the preceding year, 96 per cent. more than that irrigated in 1860–61, the most recent year of scarcity, and 45 per cent. greater than in 1866–67, the previous maximum of irrigation. In the Meerut Division irrigation reached the extraordinary extent of 308,161 acres, or 30 per cent. of the entire culturable area of the district, exhibiting an increase over the preceding year of 103 per cent. These facts tend completely to show the enormous value of irrigation works.

"The Ordinary Grant for agricultural works for the current year now stands at 478,279 *l.*, of which 192,199 *l.* are for new works, 279,580 for repairs, and 6,500 *l.* for State outlay on guaranteed works.

"The Extraordinary Grant was originally 1,650,000 *l.*, but the expenditure is not likely to exceed 900,000 *l.*

"For

"For 1870–71 the following amounts are provided:—

Ordinary.	£.	Extraordinary.	£.
New works - - -	169,420	New works - - - -	1,246,400
Repairs - - - -	322,500	Establishment - - -	300,700
State outlay on guaranteed works - - - -	5,380	Tools and plant - - -	185,400
£.	497,300	£.	1,732,500
		Grand Total - - £.	2,229,800

making thus 1,415,820 *l.* for actual construction of new works, and 322,500 *l.* for repairs.

"It will be seen that the greater part of the Ordinary Grant will be devoted to 'repairs.' This arises from the necessity of maintaining in good working order the extensive systems of irrigation works already in operation in different parts of India, particularly in Madras, Scinde, in the Panjáb, and the North Western Provinces. Also in Bengal, a considerable sum is required for the maintenance of the numerous lines of embankments in the Orissa and other districts.

"The original works to be carried out from the Ordinary Grant are numerous, but with few exceptions, of no great magnitude individually.

"Numerous important works are in progress, and will be continued during the ensuing year from the Extraordinary Grants in Madras, Bombay, Bengal, North West Provinces, and Panjáb.

"In Madras the most important work that now engages attention is the completion of the canals in the Godavery and Kistna Delta. The local Government is furnished with such sums as it requires for this object, but owing to the limited supply of labour available, the extension and enlargement of these canals to the standard ultimately required must at best be a slow and gradual operation. During the current year the sum of 52,760 *l.* was allotted for these works, but the expenditure is likely to be somewhat less. Other projects on a smaller scale, but still of considerable importance, have been in progress in the Nellore, Madras, Tanjore, and Tinnevelly Districts, and several entirely new schemes are now under investigation. For the latter the allotments proposed by the local Governments have been allowed to stand, but as the estimates will have to be submitted to the Secretary of State for approval, it is not likely that much, if any, progress will be made with them in the coming year.

"In Bombay estimates to the amount of 545,494 *l.* have been sanctioned as extraordinary, of which 305,898 *l.* pertain to a reservoir and canal near Poona.

"Several other large projects are under consideration, of which the most important is a line of canal from Roree on the Indus to Hyderabad, which is likely to cost upwards of 2,000,000 *l.* sterling. The estimate for this work is, it is understood, nearly ready, and in the event of its receiving the sanction of Her Majesty's Government, will probably be commenced in the ensuing year.

"In Bengal the extensive works which had been in progress in Orissa under the management of the East India Canal Company, having been transferred to Government, have been vigorously prosecuted, and the new works on the Soane, estimated to cost 2,100,000 *l.*, have been commenced. Also a canal, which is likely to cost half a million sterling, from the Damoodah at Raneegunge to the Hooghly, has been lined out, preparatory to commencement of work on the estimates receiving approval.

"An extensive system of canals from the Gunduck, at an estimated cost of 1,384,826 *l.*, for the irrigation of the Tirhoot, Sarun, and Champarán districts, and also for navigation, has been before the Government of India, but information on several important points is required before it can be recommended for approval.

"The works in progress in the North Western Provinces comprise various additions to the Ganges Canal, and its system of distribution channels; a canal from the Jumna nea Delhi to Agra, estimated at 575,000 *l.*, and several smaller canals in Rohilkhand. The latter form the commencement of a proper system of irrigation and drainage of the Terai Paganas.

"A scheme for a canal from the Ganges for the irrigation of Eastern Rohilkhand, estimated to cost about 1,000,000 *l.* sterling, has actually been before Government, and will be proceeded with on the necessary authority being obtained from the Secretary of State, and estimates for canals in Rohilkhand have also been under consideration. It is further proposed to open out a new feeder to the Ganges Canal with a view to intercept the whole of the dry-weather supply of the river above Futtehgurh, and thereby to obtain the means of extending irrigation to the terminus of the Doab at Allahabad.

Appendix, No. 3.

"In the Panjáb the improvement of the Bárí Doab Canal has been in progress. The Kussoor and Sobraon branches, which formed part of the original project, and which were suspended from want of funds several years ago, have now been re-commenced on an estimate amounting to 270,000 *l.* The Sirhind Canal, estimated to cost 2,250,000 *l.*, and designed to convey the water of the Sutlej to irrigate the tract between that river and the Jumna Canal, including the lands belonging to his Highness the Maháráját of Puttiala, has also been commenced.

"This will, I believe, be one of the most magnificent works that has ever been designed or carried out in this country, and I am happy to say that the Maháráját has shown the greatest disposition to assist in the project.

"A general improvement of the Western Jumna Canal, and the opening out of two important branches form the subject of another scheme, and a portion of the work has already been commenced.

"A project for a second canal from the Sutlej near Ferozepore, which will intercept the whole cold weather volume of the Beas, and give the means of irrigating the lower portion of the Bárí Doab, comprising an area of about 5,000 square miles, is also under investigation, and an estimate will probably be shortly before Government.

"A scheme for a system of canals from the Sardah, and which is likely to cost nearly five millions sterling, has recently been before the Government of India. The detailed estimates for this great work, which is designed to irrigate the greater part of Oude and portions of the Benares and Jounpore districts, as well as to afford a navigable communication from the foot of the Himalaya to those places, are now being drawn out.

"If any person who takes an interest in these matters wishes to read a really able and interesting document, he might read the elaborate report of Captain Forbes, who is the best authority with regard to this scheme. We have it in our power to undertake great works in that district which will be as important as any that have ever been conducted in India. This is a slight sketch of what we are endeavouring to do for the furtherance of irrigation.

"I hope I am not detaining the Council, but I wish very briefly to refer to what has been done with regard to railways during the ensuing year.

"The year 1870–71 will be a notable year in the railway history of India. On the 31st December 1869, 4,264 miles of railway were open in this country, and we expect 5,061 miles to be open on the 31st December 1870, or at all events before the close of the financial year, so that if our expectations are realised, as I believe they will be, the average number of miles opened within the year will be 801 miles.

"Of this, the Great India Peninsula Railway will open 238¾ miles of the north-east extension and 158¾ miles of the southern. The north-west extension of the Madras Railway will open 94¾ miles, and the Bellary Branch of the same line 32 miles, Khamgaon 7¾ miles, Oomraotee 5, and Delhi 32¾ miles. The East Indian Railway will open its Chord line of 123¾ miles, and the same company the Kurhurbaree Branch of 24¾ miles. The Eastern Bengal Railway will open the Goalundo Extension of 45 miles, and the Oude and Rohilkhand Railway, Byrom Ghât, 40 miles, making, as I said before, a total of 801 miles of railway to be opened during the present year in India.

"This is the greatest number of miles that has ever been opened in any one single year. In the year 1861, 745 miles were opened, and in 1862, 770 miles. The next largest number opened in one year was in 1864, when 446 miles were opened, but in 1868 we have only opened 80 miles of railway. However, I hope the honour will be reserved for 1870 to witness within the year by far the greatest number of miles of railway ever given to public use since railway construction was first commenced in India.

"The Council are doubtless aware that a great scheme has been laid down which we propose in the matter of railways, as far as possible, to adhere to, and that is the scheme for the construction of about 15,000 miles of railway. Of this 4,000 miles are already opened, 1,000 are in progress, and 900 are about to be commenced. We are actually at this moment endeavouring to do something more or less on 15 different lines of new railways. I should like, therefore, to mention very briefly to the Council what the principle of these undertakings are.

"From Delhi and Agra it is proposed to make a railway to the Sámbhar Lake, which will, we believe, confer enormous advantages on the people of those districts by carrying corn and grain for their consumption, and bringing back return freights of salt and other productions of the district. Part of this system will also pass through the salt district of Sultánpúr, near Delhi. I am happy to say that the surveys of the Agra and Delhi Districts of these lines are very far advanced, and we have every reason to hope that on the Delhi section work will be almost immediately commenced. The estimates for the whole undertaking will be furnished during the ensuing year, and there is no reason why the actual work of this important line, both in the Agra and Delhi divisions, should not be commenced during the ensuing cold weather.

"On

"On the Panjáb State Railway, very considerable progress is being made. The whole of the line has been surveyed between Jhelum and Lahore. The designs for the three great bridges over the Rávi, Chenáb, and Jhelum are in progress, and we hope very soon to send home to the Home Government an estimate of, and the necessary orders for, the iron necessary for the construction of these great bridges.

"Notwithstanding the great expenditure which we shall be obliged to make upon these bridges, we believe that the estimates fully justify us in stating that the whole of that line from Lahore to Jhelum ought to be constructed at a cost of something like 11,500 *l.* a mile. The surveys through the South Panjáb for the Indus Valley line have been already commenced, and Major Macleod Innes and a party of officers have been engaged during the cold weather in the surveys of that important line in the direction of Sukkur. An engineer was sent out from England to survey a most important line of railway between Karwár and the cotton-producing districts of the Southern Mahratta country. Unfortunately, this gentleman arrived to late to make a satisfactory survey. It has therefore been necessary before the location was finally determined on, to cause a further investigation of the district to take place, but I am in great hopes that before very long the Government will be in a position to decide as to the exact direction the line ought to take. I must say, however, that it is likely to be an expensive line.

"In the north of the Bombay Presidency considerable railway extension has been sanctioned.

"The Bombay and Baroda Railway, the length of which is about 73 miles, is already in course of progress, and the construction of the line to Verungaum and Wudwan will be commenced as soon as the estimates are sanctioned.

"Madras also shares very largely in railway extension.

"The Tramway Company's little line to Conjeveram, of which 19 miles will be re-laid on the standard gauge, is about to be extended 84 miles to Cuddalore. It will be re-named the 'Carnatic Railway,' and in respect to guarantee will be placed in the same position as the other railways in India.

"It is hoped that a branch of this line will be made to Pondicherry, and the French Government have already expressed their desire to assist in the undertaking.

"Another line, 210 miles in length, from the present line to Tuticorin, is about to be constructed by the Great Southern of India Company. The surveys have been already undertaken, and it is hoped before long that the works will be commenced.

"In Burma surveys have been made from Rangoon to Prome, a distance of 168 miles.

"Investigations have been authorised, and from a communication received from the Chief Commissioner, it is hoped that advantage will be taken of converting the existing road into a line of railway.

"In Bengal surveys have been authorised under direct Government agency for determining the best lines; but it is distinctly understood that the Governments having authorised these surveys, does not settle the question that they are to be constructed by direct Government agency.

"Much progress has yet to be made in the extension of the Eastern Bengal Railway to Goalunda.

"The delay in the construction of this work has been mainly due to the unfortunate accident at the Gorai Bridge.

"Further north, beyond the Ganges, the Oudh and Rohilkhand Company are pushing on their works.

"The Cawnpore Bridge is rapidly approaching completion, and we hope that before very long the Ganges will be bridged for the first time.

"The designs for the erection of another great bridge across the Ganges at Rájghât have been approved, and the earthworks for nearly the whole of the system of the Oudh and Rohilkhand Railway have been marked out.

"We believe that this system of lines under the able direction of the officers of the Company is likely to be made more cheaply and with greater economy than any railway that has hitherto been made under guarantee in India; and General Beadle informed me the other day that, including the large bridges over the Ganges, he hoped that the average cost of the Oudh and Rohilkhand Railway would not exceed 11,000 *l.* a mile.

"A portion of this system includes the line from Moradabad to Ramnagar and the foot of the Himalayas, and running near the Kumaon Ironworks, about 45 miles in length.

"In the Central Provinces orders have been lately issued by the Government for the survey of the line which will convey coal and iron lately discovered in those districts, and we hope during the ensuing year the work will be actually commenced. The

Appendix, No. 3.

surveys east of the Wurdah have already been completed; we hope before a month or six weeks are over we shall be in a position to decide with regard to the Oomraottee branch in the Berars.

"But the two most important of the year in railway are those connected with the Hyderabad State Railway and the proposed railway to Indore.

"I am sure the public have heard with the greatest satisfaction that two native governments have proposed to come forward and subscribe a million of money each for railway construction in their respective states.

"Sir Salar Jung has already made financial arrangements to construct a branch line from Goolburga to Hyderabad entirely at the expense of the Hyderabad State, and though it will really be under British management and constructed by British engineers in a way similar to State railways, it will be essentially the property of the Nizam's Government, and before three years and a half are over, we may hope that the Hyderabad State will be in possession of a railway of its own.

"The Mahárájá Holkar has also made a proposition of a different kind, but which will have precisely the same result. He has agreed to lend the Government at 4½ per cent. a million of money to construct a line which will meet the Great Indian Peninsula system somewhere near Khundwah.

"The financial arrangements in this matter have been perfectly satisfactory, and his Highness has proposed to place at the disposal of the Government of India more than half the amount in the first two years, the remainder being paid by instalments spread over a greater length of time.

"There is therefore no reason to doubt that before very long we shall see in India two great railways in process of construction entirely by capital supplied by native states, one of which has determined to do the whole thing itself, and the other to place a sufficient sum in the hands of the Government to carry out the enterprise.

"In many ways the Government are endeavouring to provide materials for the construction of those works which they are about to undertake, with, if possible, much greater expedition and less waste of time than has hitherto attended their action in this respect.

"Attention has also been given to the provision of fuel; various investigations are being made in different directions with regard to coal and petroleum, which has been long known to exist in small quantities in the Panjáb and other parts of India.

"We hope that the Nerbudda Valley and also the Chanda District will before long produce a large supply of coal; we have heard of the existence of a large quantity of coal on the Godavery, and we have every prospect that during the ensuing year, or 18 months, we shall be in a position to say that there is in this country a supply of coal sufficient to work a very large portion of the railways at present in existence as well as those about to be constructed.

"Of course some districts will always be so remote that we cannot venture to hope that they will derive any very material benefit from this increase in the supply of coal, and for this reason efforts are about to be made in these cases to increase the supply of wood-fuel as much as possible.

"It is very late, and had I more time I could have brought to your notice many other interesting facts with regard to this important matter; but I am satisfied that, even brief and imperfect as is the statement I have now made, it will attract some attention generally to this subject; and I can truly say that there is nothing the Government of India value more than public support in these gigantic undertakings, which have no other object but the general good of the people of this vast empire."

The Motion was put and agreed to.

The Honourable Sir *Richard Temple* having then applied to his Excellency the President to suspend the rules for the conduct of business,—

The President declared the rules suspended.

The Honourable Sir *Richard Temple* then introduced the Bill, and moved that it be referred to a Select Committee, with instructions to report in a week.

The Motion was put, and agreed to.

Appendix, No. 3.

CUSTOMS DUTIES' BILL.

The Honourable Sir *Richard Temple* then moved for leave to introduce a Bill to amend the law relating to Customs Duties.

The Motion was put, and agreed to.

The Honourable Sir *Richard Temple* then applied to his Excellency the President to suspend the rules for the conduct of business.

The President declared the rules suspended.

The Honourable Sir *Richard Temple* then introduced the Bill, and moved that it be referred to a Select Committee, with instructions to report in a week.

The Motion was put, and agreed to.

The following Select Committees were named :—

On the Bill for imposing duties on income and profits arising from offices, property, professions, and trades—The Honourable Messrs. Stephen, Forbes, Cowie, Chapman, Bullen Smith, Cockerell, and the Mover.

On the Bill to amend the law relating to Customs Duties—The Honourable Messrs. Stephen, Forbes, Cowie, Chapman, Bullen Smith, and the Mover.

The Council adjourned to the 5th April 1870.

Whitley Stokes,
Secretary to the Council of the Governor General
for making Laws and Regulations.

Calcutta, 2 April 1870.

BUDGET STATEMENT.—ENGLAND AND INDIA.

Revenues and Receipts.	Actual, 1868–69.	Budget, 1869–70.	Regular, 1869–70.	Increase.	Decrease.	Budget, 1870–71.	Budget Compared with Regular Estimate.
	£.	£.	£.	£.	£.	£.	£.
I.—Land Revenue - -	20,246,575	21,075,500	21,537,278	461,778	- -	21,023,632	—513,646
II.—Tributes and Contributions from Native States.	687,363	693,200	765,143	71,943	- -	737,073	—28,070
III.—Forest - - -	407,342	436,600	476,090	39,490	- -	588,780	+112,690
IV.—Excise on Spirits and Drugs.	2,283,736	2,289,000	2,245,700	- -	43,300	2,285,000	+39,300
V.—Assessed Taxes - -	508,700	900,000	1,051,600	151,600	- -	2,180,000	+1,128,400
VI.—Customs - - -	2,692,755	2,773,500	2,416,500	- -	357,000	2,416,500	—
VII.—Salt - - - -	5,588,240	5,826,800	5,842,350	15,550	- -	6,177,370	+335,020
VIII.—Opium - - -	8,453,365	8,286,540	7,953,800	- -	332,740	6,922,281	—1,031,519
IX.—Stamps - - -	2,306,971	2,396,900	2,364,600	- -	32,300	760,000	—1,604,600
X.—Mint - - - -	193,788	136,800	158,340	21,540	- -	139,970	—18,370
XI.—Post Office - - -	707,792	687,500	714,077	26,577	- -	750,590	+36,513
XII.—Telegraph - - -	274,497	244,000	238,000	- -	6,000	193,056	—44,944
XIII.—Law and Justice - -	894,856	865,100	782,100	- -	83,000	2,474,800	+1,692,700
XIV.—Police - - -	277,237	301,400	265,960	- -	35,440	251,966	—13,994
XV.—Marine - - -	688,084	248,500	300,530	52,030	- -	265,615	—34,915
XVI.—Education - - -	73,711	83,400	73,958	- -	9,442	78,574	+4,616
XVII.—Interest - - -	275,560	289,600	356,850	67,250	- -	365,321	+8,471
XVIII.—Miscellaneous - -	1,259,792	966,700	1,415,172	448,472	- -	737,874	—677,298
	47,820,364	48,501,040	48,958,048	1,356,230	899,222	48,348,402	—609,646
Army - - - - - -	1,133,024	732,000	913,760	181,760	- -	736,225	—177,535
Public Works - - - -	224,653	153,600	156,500	2,900	- -	117,870	—38,630
Railways - - - - -	2,479,617	2,856,300	2,914,174	57,874	- -	3,125,258	+211,084
Total - - - £.	51,657,658	52,242,940	52,942,482	1,598,764	899,222	52,327,755	—614,727
Deficit, excluding Public Works Extraordinary.	2,774,030	- -	625,594	—	—	—	—
Deficit, including Public Works Extraordinary.	4,144,643	3,513,150	3,242,337	- -	- -	2,898,860	—

Fort William, Financial Department,
2 April 1870.

Edward Gay,
Deputy Comptroller General of Accounts.

BUDGET STATEMENT.—ENGLAND AND INDIA.

Expenditure.	Actual, 1868-69.	Budget, 1869-70.	Regular, 1869-70.	Increase.	Decrease.	Budget, 1870-71.	Budget Compared with Regular Estimate.
	£.	£.	£.	£.	£.	£.	£.
1.—Interest on Funded and Unfunded Debt.	5,056,140	4,956,990	5,030,506	73,516	- -	5,300,538	+270,032
2.—Interest on Service Funds and other Accounts.	598,844	518,710	643,635	124,925	- -	514,002	—129,633
3.—Allowances, Refunds, and Drawbacks.	553,492	259,370	449,700	190,330	- -	400,000	—49,700
4.—Land Revenue - - -	2,485,508	2,542,320	2,462,210	- -	82,110	2,497,612	+37,402
5.—Forest - - - - -	260,464	284,850	319,934	35,084	- -	437,540	+117,606
6.—Excise on Spirits and Drugs	302,284	263,050	261,050	- -	2,000	288,994	+27,944
7.—Assessed Taxes - - -	22,680	30,000	41,220	11,220	- -	59,100	+17,880
8.—Customs - - - - -	175,880	182,640	181,800	- -	840	189,214	+7,414
9.—Salt - - - - - -	359,724	395,270	395,720	450	- -	499,019	+103,299
10.—Opium - - - - -	1,720,111	1,724,330	1,848,200	123,870	- -	2,013,110	+164,910
11.—Stamps - - - - -	115,932	120,335	110,462	- -	9,873	68,363	—42,099
12.—Mint - - - - - -	115,422	98,554	102,455	3,901	- -	95,908	—6,547
13.—Post Office - - -	693,316	771,074	737,136	- -	33,938	729,583	—7,553
14.—Telegraph - - - -	684,622	581,211	533,538	- -	47,673	589,719	+56,181
15.—Administration - - -	1,372,166	1,360,862	1,396,837	35,975	- -	1,400,601	+3,764
16.—Minor Departments - -	218,543	255,785	246,138	- -	9,647	239,167	—6,971
17.—Law and Justice - -	2,845,447	2,869,670	2,885,840	16,170	- -	3,064,538	+178,698
18.—Police - - - - -	2,476,580	2,374,290	2,440,900	66,610	- -	2,319,964	—120,936
19.—Marine - - - - -	1,140,630	883,227	1,265,109	381,882	- -	784,100	—481,009
20.—Education - - - - -	599,858	653,332	614,032	- -	39,300	680,530	+66,498
21.—Ecclesiastical - - -	163,590	169,100	162,840	- -	6,260	169,795	+6,955
22.—Medical Services - -	418,220	456,066	467,967	11,901	- -	503,654	+35,687
23.—Stationery and Printing -	397,704	281,338	362,600	81,262	- -	344,250	—18,350
24.—Political Agencies and other Foreign Services.	349,855	270,590	422,880	152,290	- -	313,675	—109,205
25.—Allowances and Assignments under Treaties and Engagements.	1,778,358	1,905,520	1,892,850	- -	12,670	1,787,090	—105,760
26.—Miscellaneous - - -	831,083	585,135	1,033,863	448,728	- -	985,192	—48,671
27.—Superannuation, Retired, and Compassionate Allowances.	1,669,968	945,600	1,249,572	303,972	- -	1,376,253	+126,681
	27,406,421	25,739,219	27,556,994	2,062,086	244,311	27,651,511	+94,517
Army - - - - - -	16,269,581	16,054,061	16,476,892	422,831	- -	15,745,341	—731,551
Public Works Ordinary - -	6,272,334	5,834,160	5,040,395	- -	793,765	3,998,400	—1,041,995
Railways - - - - -	4,483,352	4,562,850	4,493,795	- -	69,055	4,769,063	+275,268
	54,431,688	52,190,290	53,568,076	2,484,917	1,107,131	52,164,315	—1,403,761
Public Works Extraordinary -	1,370,613	3,565,800	2,616,743	- -	949,057	3,062,300	+445,557
Total - - -	55,802,301	55,756,090	56,184,819	2,484,917	2,056,188	55,226,615	—958,204
Surplus, excluding Public Works Extraordinary - - -	- -	52,650	- -	- -	- -	163,440	—

E. F. Harrison,
Comptroller General of Accounts.

R. B. Chapman,
Officiating Secretary to the Government of India.

BUDGET STATEMENT.—INDIA.

Revenues and Receipts.	Actual, 1868-69.	Budget, 1869-70.	Regular, 1869-70.	Increase.	Decrease.	Budget, 1870-71.
	£.	£.	£.	£.	£.	£.
I.—Land Revenue	20,246,575	21,075,500	21,537,278	461,778	- -	21,023,632
II.—Tributes and Contributions from Native States.	687,363	693,200	765,143	71,943	- -	737,073
III.—Forest	407,342	436,600	476,090	39,490	- -	588,780
IV.—Excise on Spirits and Drugs	2,283,736	2,289,000	2,245,700	- -	43,300	2,285,000
V.—Assessed Taxes	508,700	900,000	1,051,600	151,600	- -	2,180,000
VI.—Customs	2,692,755	2,773,500	2,416,500	- -	357,000	2,416,500
VII.—Salt	5,588,240	5,826,800	5,842,350	15,550	- -	6,177,370
VIII.—Opium	8,453,365	8,286,540	7,953,800	- -	332,740	6,922,281
IX.—Stamps	2,306,971	2,396,900	2,364,600	- -	32,300	760,000
X.—Mint	193,788	136,800	158,340	21,540	- -	139,970
XI.—Post Office	707,792	687,500	714,077	26,577	- -	750,590
XII.—Telegraph	256,021	220,000	192,400	- -	27,600	163,956
XIII.—Law and Justice	894,856	865,100	782,100	- -	83,000	2,474,800
XIV.—Police	277,237	301,400	265,960	- -	35,440	251,966
XV.—Marine	688,084	248,500	300,530	52,030	- -	265,615
XVI.—Education	73,711	83,400	73,958	- -	9,442	78,574
XVII.—Interest	224,523	261,600	322,850	61,250	- -	337,321
XVIII.—Miscellaneous	1,259,792	966,700	1,415,172	448,472	- -	737,874
£.	47,750,851	48,449,040	48,878,448	1,350,230	920,822	48,291,302
Army	1,101,503	730,000	900,000	170,000	- -	733,925
Public Works	224,653	153,600	156,500	2,900	- -	117,870
Railways	2,479,617	2,856,300	2,903,930	47,630	- -	3,125,258
Total £.	51,556,624	52,188,940	52,838,878	1,570,760	920,822	52,268,355

Fort William, Financial Department,
2 April 1870.

Edward Gay,
Deputy Comptroller General of Accounts.

BUDGET STATEMENT.—INDIA.

Expenditure.	Actual, 1868–69.	Budget, 1869–70.	Regular, 1869–70.	Increase.	Decrease.	Budget, 1870–71.
	£.	£.	£.	£.	£.	£.
1.—Interest on Funded and Unfunded Debt.	2,897,921	2,794,770	2,821,500	26,730	- -	2,993,700
2.—Interest on Service Funds and other Accounts.	598,844	518,710	643,635	124,925	- -	514,002
3.—Allowances, Refunds, and Drawbacks.	553,492	259,370	449,700	190,330	- -	400,000
4.—Land Revenue - - -	2,485,508	2,542,320	2,460,210	- -	82,110	2,497,612
5.—Forest - - - - -	260,464	284,850	319,934	35,084	- -	437,540
6.—Excise on Spirits and Drugs -	302,284	263,050	261,050	- -	2,000	288,994
7.—Assessed Taxes - - -	22,680	30,000	41,220	11,220	- -	59,100
8.—Customs - - - -	175,880	182,640	181,800	- -	840	189,214
9.—Salt - - - - -	359,724	395,270	395,720	450	- -	499,019
10.—Opium - - - -	1,720,111	1,724,330	1,848,200	123,870	- -	2,013,110
11.—Stamps - - - -	95,419	96,410	101,720	5,310	- -	48,012
12.—Mint - - - - -	90,734	86,470	87,230	760	- -	86,499
13.—Post Office - - - -	577,554	706,120	673,182	- -	32,938	664,886
14.—Telegraph - - - -	411,881	447,000	437,451	- -	9,549	356,792
15.—Administration - - -	1,173,660	1,169,862	1,196,037	26,175	- -	1,198,201
16.—Minor Departments - -	218,543	255,785	246,138	- -	9,647	239,167
17.—Law and Justice - - -	2,845,447	2,869,670	2,885,840	16,170	- -	3,064,538
18.—Police - - - -	2,476,580	2,374,290	2,440,900	66,610	- -	2,319,964
19.—Marine - - - -	790,779	473,390	905,844	432,454	- -	476,176
20.—Education - - - -	599,858	653,332	614,032	- -	39,300	680,530
21.—Ecclesiastical - - -	163,590	169,100	162,840	- -	6,260	169,795
22.—Medical Services - - -	418,220	456,066	467,967	11,901	- -	503,654
23.—Stationery and Printing -	243,875	227,790	249,040	21,250	- -	260,625
24.—Political Agencies and other Foreign Servies.	321,177	235,590	381,880	146,290	- -	278,675
25.—Allowances and Assignments under Treaties and Engagements.	1,745,072	1,886,190	1,873,514	- -	12,676	1,767,754
26.—Miscellaneous - - -	523,820	388,715	722,144	333,429	- -	695,067
27.—Superannuation, Retired, and Compassionate Allowances.	711,429	711,600	613,280	- -	98,320	730,481
£.	22,784,546	22,202,690	23,482,008	1,572,958	293,640	23,433,107
Army - - - - - -	12,989,566	12,850,000	12,980,000	130,000	- -	12,490,000
Public Works Ordinary - -	6,122,004	5,664,000	4,774,800	- -	889,200	3,998,400
Railways - - - - -	588,969	422,850	358,795	- -	64,055	406,063
£.	42,485,085	41,139,540	41,595,603	1,702,958	1,246,895	40,327,570
Public Works Extraordinary -	1,017,958	2,253,800	1,446,700	- -	807,100	3,062,300
Total - - - £.	43,503,043	43,393,340	43,042,303	1,702,958	2,053,995	43,389,870

E. F. Harrison,
Comptroller General of Accounts.

R. B. Chapman,
Officiating Secretary to the Government of India.

BUDGET STATEMENT.—ENGLAND.

REVENUES AND RECEIPTS.	Actual, 1868-69.	Budget, 1869-70.	Regular, 1869-70.	Increase.	Decrease.	Budget, 1870-71.
	£.	£.	£.	£.	£.	£.
XII.—Telegraph - - -	18,476	24,000	45,600	21,600	- -	29,100
XVII.—Interest - - -	51,037	28,000	34,000	6,000	- -	28,000
TOTAL - - - £.	69,513	52,000	79,600	27,600	- -	57,100
Army - - - - - -	31,521	2,000	13,600	11,760	- -	2,300
Railways - - - - -	- -	- -	10,244	10,244	—	—
TOTAL - - - £.	101,034	54,000	103,604	49,604	- -	59,400

EXPENDITURE.	Actual, 1868-69.	Budget, 1869-70.	Regular, 1869-70.	Increase.	Decrease.	Budget, 1870-71.
	£.	£.	£.	£.	£.	£.
1.—Interest on Funded and Unfunded Debt.	2,158,219	2,162,220	2,209,006	46,786	- -	2,306,838
11.—Stamps - - - - -	20,513	23,925	8,742	- -	15,183	20,351
12.—Mint - - - - -	24,688	12,084	15,225	3,141	- -	9,409
13.—Post Office - - -	115,762	64,954	63,954	- -	1,000	64,697
14.—Telegraph - - -	272,741	134,211	96,087	- -	38,124	232,927
15.—Administration - - -	198,506	191,000	200,800	9,800	- -	202,400
19.—Marine - - - - -	349,851	409,837	359,265	- -	50,572	307,924
23.—Stationery and Printing -	153,829	53,548	113,560	60,012	- -	83,625
24.—Political Agencies and other Foreign Services.	28,678	35,000	41,000	6,000	- -	35,000
25.—Allowances and Assignments under Treaties and Engagements.	33,286	19,330	19,336	6	- -	19,336
26.—Miscellaneous, including Civil Furlough and Absentee Allowances.	307,263	196,420	311,719	115,299	- -	290,125
27.—Superannuation, Retired, and Compassionate Allowances.	958,539	234,000	636,292	402,292	- -	645,772
TOTAL - - - £.	4,621,875	3,536,529	4,074,986	643,336	104,879	4,218,404
Army - - - - - -	3,280,015	3,204,061	3,496,892	292,831	- -	3,255,341
Public Works Ordinary - -	150,330	170,160	265,595	95,435	—	—
Railways - - - - - -	3,894,383	4,140,000	4,135,000	- -	5,000	4,363,000
	11,946,603	11,050,750	11,972,473	1,031,602	109,879	11,836,745
Public Works Extraordinary -	352,655	1,312,000	1,170,043	- -	141,957	—
TOTAL - - - £.	12,299,258	12,362,750	13,142,516	1,031,602	251,836	11,836,745

Fort William, Financial Department,
2 April 1870.

Edward Gay,
Deputy Comptroller General of Accounts.

E. F. Harrison,
Comptroller General of Accounts.

R. B. Chapman,
Officiating Secretary to the Government of India.

RECEIPTS and PAYMENTS in England and India during the Year 1868-69.

Receipts.	England.	India.	Total.	Payments.	England.	India.	Total.
	£.	£.	£.		£.	£.	£.
1. Opening balance	2,833,009	11,899,233	14,732,242	10. Ordinary expenditure	11,946,604	42,244,243	54,190,847
2. Ordinary income	101,035	51,315,782	51,416,817	10A. Extraordinary expenditure	352,655	1,017,958	1,370,613
3. Deposits repayable and advances recoverable, &c.	-	14,993,027	14,993,027	11. Deposits repaid and advances recoverable, &c.	-	15,363,614	15,363,614
4. Local remittances	-	2,721,333	2,721,333	12. Local remittances	-	366,336	366,336
5. Inter-provincial and inter-departmental transactions.	-	16,325,157	16,325,157	13. Inter-provincial and inter-departmental transactions.	-	15,758,464	15,758,464
6. Remittance account	219,670	1,666,104	1,885,774	14. Remittance account	942,100	1,140,644	2,082,744
6A. Abyssinian expedition	5,113,580	1,426,685	6,540,265	14A. Abyssinian expedition	825,248	7,090,347	7,915,595
7. Bills of exchange	3,705,741	57,289	3,763,030	15. Bills of exchange	-	4,435,806	4,435,806
8. Railway capital	6,389,084	40,062	6,429,146	16. Railway capital	2,301,170	2,564,323	4,865,493
9. Borrowed	1,534,139	992,481	2,526,620	17. Debt paid	502,500	1,279,614	1,782,114
				18. Closing balance	3,025,981	10,175,804	13,201,785
Total £.	19,896,258	101,437,153	121,333,411	Total £.	19,896,258	101,437,153	121,333,411

ABSTRACT of the above, showing how the Ways and Means of the Year have been provided.

	£.		£.
Cash balance reduced	1,530,457	Deficit on ordinary account	2,774,030
Local remittances	2,354,997	Extraordinary expenditure	1,370,613
Inter-provincial and inter-departmental transactions	566,693	Deposits repayable and advances recovered	370,587
Railway capital receipts in excess of expenditure	1,563,653	Remittances	196,970
Borrowed	744,506	Abyssinian advances	1,375,330
		Bills of exchange	672,776
Total £.	6,760,306	Total £.	6,760,306

Fort William, Financial Department, 2 April 1870.

Edward Gay, Deputy Comptroller General of Accounts.

E. F. Harrison, Comptroller General of Accounts.

R. B. Chapman, Officiating Secretary to the Government of India.

ESTIMATED RECEIPTS and PAYMENTS in *England* and *India* during the Year 1869-70.

Receipts.	England.	India.	Total.	Payments.	England.	India.	Total.
	£.	£.	£.		£.	£.	£.
1. Opening balance	3,025,981	10,175,804	13,201,785	10. Ordinary expenditure	11,972,473	41,595,603	53,568,076
2. Ordinary income	103,604	52,838,878	52,942,482	10A. Extraordinary expenditure	1,170,043	1,446,700	2,616,743
3. Deposits repayable and advances recovered, &c.	-	14,653,663	14,653,663	11. Deposits repaid and advances recoverable, &c.	-	15,879,082	15,879,082
				12. Local remittances	-	477,111	477,111
4. Local remittances	-	827,776	827,776	14. Remittance account between England and India	1,128,408	393,276	1,521,684
6. Remittance account between England and India	219,000	1,412,910	1,631,910	14A. Abyssinian expedition	1,569	382,000	383,569
6A. Abyssinian recoveries	1,301,388	-	1,301,388	15. Bills of exchange	-	5,815,700	5,815,700
7. Bills of exchange	7,080,000	-	7,080,000	16. Railway capital	2,370,000	2,382,500	4,752,500
8. Railway capital	4,051,000	-	4,051,000	17. Debt paid	501,300	2,205,140	2,706,440
9. Borrowed	2,683,000	4,312,940	6,995,940	18. Balance (closing)	1,320,180	13,644,859	14,965,039
Total £.	18,463,973	84,221,971	102,685,944	Total £.	18,463,973	84,221,971	102,685,944

ABSTRACT of the above, showing how the Ways and Means of the Year are estimated to be provided.

	£.		£.
Local remittances	350,665	Deficit on ordinary account	625,594
Remittances, England and India	110,226	Extraordinary expenditure	2,616,743
Abyssinian recoveries	917,819	Deposits and advances	1,225,419
Bills of exchange	1,264,300	Railway capital	701,500
Borrowed	4,289,500	Cash balance increased	1,763,254
Total £.	6,932,510	Total £.	6,932,510

Fort William, Financial Department, 2 April 1870.

Edward Gay, Deputy Comptroller General of Accounts.

E. F. Harrison, Comptroller General of Accounts.

R. B. Chapman, Officiating Secretary to the Government of India.

ESTIMATED RECEIPTS and PAYMENTS in *England* and *India* during the Year 1870-71.

Receipts.	England.	India.	Total.	Payments.	England.	India.	Total.
	£.	£.	£.		£.	£.	£.
1. Opening balance	1,320,180	13,644,859	14,965,039	10. Ordinary expenditure	11,836,745	40,327,570	52,164,315
2. Ordinary income	59,400	52,268,355	52,327,755	10A. Extraordinary expenditure	- -	3,062,300	3,062,300
3. Deposits repayable and advances recovered, &c.	- -	12,554,698	12,554,698	11. Deposits repaid and advances recoverable, &c.	- -	14,754,499	14,754,499
4. Local remittances	- -	263,342	263,342	12. Local remittances	- -	197,276	197,276
6. Remittance account between England and India	202,000	1,725,442	1,927,442	14. Remittance account between England and India	1,652,828	262,108	1,914,936
6A. Abyssinian recoveries	100,000	- -	100,000	14A. Abyssinian expedition	—	—	—
7. Bills of exchange	9,500,000	- -	9,500,000	15. Bills of exchange	- -	10,000,000	10,000,000
8. Railway capital	4,624,000	- -	4,624,000	16. Railway capital	2,297,000	2,871,800	5,168,800
9. Borrowed	2,000,000	3,808,770	5,808,770	17. Debt paid	- -	2,220,470	2,220,470
				18. Balance (closing)	2,019,007	10,569,443	12,588,450
Total £.	17,805,580	84,265,466	102,071,046	Total £.	17,805,580	84,265,466	102,071,046

ABSTRACT of the above, showing how the Ways and Means of the Year are estimated to be provided.

	£.		£.
Cash balance reduced	2,376,589	Extraordinary expenditure	3,062,300
Surplus in ordinary account	163,440	Deposits and advances	2,199,801
Local remittances	66,066	Bills of exchange	500,000
Remittance, England and India	12,506	Railway capital	544,800
Abyssinian recoveries	100,000		
Borrowed	3,588,300		
Total £.	6,306,901	Total £.	6,306,901

Fort William, Financial Department, 2 April 1870.

Edward Gay, Deputy Comptroller General of Accounts.

E. F. Harrison, Comptroller General of Accounts.

R. B. Chapman, Officiating Secretary to the Government of India.

Appendix, No. 3.

ABSTRACT of the PROCEEDINGS of the Council of the Governor General of India, assembled for the purpose of making Laws and Regulations under the provisions of the Act of Parliament, 24 & 25 Vict. c. 67.

The Council met at Government House on Thursday, the 9th March 1871.

PRESENT:

His Excellency the Viceroy and Governor General of India, K.P., G.M. S.I., presiding.
His Honor the Lieutenant Governor of Bengal.
The Honourable John Strachey.
The Honourable Sir Richard Temple, K. C. S. I.
The Honourable J. Fitzjames Stephen, Q. C.
The Honourable B. H. Ellis.
Major General the Honourable H. W. Norman, C. B.
Colonel the Honourable R. Strachey, C. S. I.
The Honourable F. S. Chapman.
The Honourable J. R. Bullen Smith.
His Highness Sarámade Rájáháe Hindústán Ráj Rájendra Srí Mahárájádhiráj Sivái Rám Sing Bahádur, of Jaypúr, G. C. S. I.
The Honourable F. R. Cockerell.
The Honourable J. F. D. Inglis.
The Honourable D. Cowie.
The Honourable W. Robinson, C. S. I.

FINANCIAL STATEMENT.

INCOME TAX BILL.

THE Honourable Sir *Richard Temple* in moving for leave to introduce a Bill for imposing duties on income, said,—My Lord, I have now to present the Budget of British India for the year 1871–72, this being the Twelfth Annual Statement presented since the introduction of our existing financial system.

I shall commence by adverting to the form in which the Statement has been drawn up.

It will be recollected that in my exposition delivered before this Council on the 2nd April last, I explained the alteration made in the exhibition of the account of Government with the Guaranteed Railway Companies. By that alteration we showed on one side the amount of guaranteed interest payments, and, on the other side, the amount of net traffic receipts, instead of the former method, whereby only one item was shown, namely, the guaranteed interest less the net traffic receipts. In other words, we exhibited the account gross on both sides, instead of the expenditure net on one side. Well, the Secretary of State has determined, after considering all our representations in favour of the alteration, that we must still continue to exhibit the account as before by its net result on the expenditure side, that is, by one item, namely, "guaranteed interest less net traffic receipts." I have accordingly to exhibit the guaranteed interest net in the Statement itself. But at the foot of the statement there are appended figures showing the account gross in the method explained in my last financial statement, which method was, I believe, approved generally by this Council and by many others interested in this portion of our finance. Thus the important objects set forth in my last exposition will still be fully attained.

This modification will make no difference in the ultimate result of the figures as regards surplus and deficit. But it will make a difference in the totals of receipts and expenditure, that is, the deduction of an equal amount from both sides of the account. The grand totals, therefore, of the statement I shall make to-day will not admit of exact comparison with those of my Statement in April of last year. But the figures of surplus and deficit on this occasion and the last will be strictly comparable.

Also I explained in April last why we had transferred the canal water rent from the heading of public works receipts to the heading of land revenue. We have since determined, on a further review of all the circumstances, to exhibit these irrigation receipts separately. I trust that this growing item, now nearly half a million annually, will prove of general interest. Its growth is indeed anxiously awaited by us, in order that there may be some appreciable off-set to the fast-accruing interest on capital outlay.

Lastly, it has been considered proper to show again under one head the entire revenue raised by stamps, whether under the General Stamp Act or the Court Fees' Act.

After

After this brief preface, I proceed to deal with the figures in the same order as that observed in all previous statements,—that is, firstly, the actual figures for the past year 1869-70; secondly, the approximate figures for the current year 1870-71, according to the regular estimate; and thirdly, the proposed figures for the coming year 1871-72, according to the budget. I shall take the figures from the combined statement for England and India in the same manner as I did last year.

I begin then with the past year 1869-70. The Council will recollect that the regular estimate for that year exhibited in my last exposition showed an anticipated deficit of income below ordinary expenditure of 625,594 *l.*, or more than half a million sterling. The actual figures, however, now show a small surplus of 118,668 *l.* Thus the actual turns out more favourable than the estimated account by 744,262 *l.*, or three quarters of a million. It is also slightly more favourable (by 57,796 *l.*) than the approximately actual figures published in September last; this small difference being attributable mainly to the railway account. I shall explain briefly the causes of this fortunate result. The receipts of the year were taken in the regular estimate at 50,297,052 *l.*; they have proved to be 50,901,081 *l.*, showing a difference favourable of 604,029 *l.* The ordinary expenditure was estimated at 50,922,646 *l.* It has proved to be 50,782,413 *l.*, showing a difference favourable of 140,233 *l.* The favourable difference in receipts is partly nominal, arising from certain items being shown gross which in the estimate were shown net; but chiefly real, arising from unexpected recoveries in the Military Department by the sale of stud cattle and by the adjustment of the value of supplies to the Abyssinian Expedition and to the civil departments and administrations, and also from a variety of small increases under several heads of revenue,—to wit, land, revenue, income tax, customs, salt, stamps. The difference favourable in expenditure arises chiefly in the military heading, the savings from the reductions of expenditure proving somewhat greater than had at first been hoped for; partly also from the amount of unpaid dividends and unclaimed allowances being more than was anticipated; partly, further, from various smaller savings in civil branches,—to wit, land, revenue, opium, administration departments, post-office, and police. In a word, the largest difference on the whole account (315,116 *l.*) is attributable to the unexpected additional military recoveries and to the favourable financial effect of the military reductions which had been ordered.

Thus ends the financially eventful year 1869-70. The original estimate showed a small surplus of 52,650 *l.* As the year wore on, a large deficiency, arising partly from a fall in opium, and depression of trade, was anticipated. Various measures detailed in the last financial exposition were taken to avert the threatened deficiency. Still, as proved by the regular estimate, fears were entertained up to the close of the year that the deficit, though greatly diminished, would not be altogether avoided. The result, however, as shown by the actuals, proves that the original estimate has been more than fulfilled, the actual surplus being 118,668 *l.*

This result is owing partly to management, and partly to fortune. The management consisted in the measures adopted within the year by the Supreme Government and in the economies carried out by the local governments. The fortune consisted of a variety of adjustments and recoveries for the most part unestimated, bettering the account, on the whole, to the net extent of 866,580 *l.* I am constrained to make this remark because it seems to have been supposed in some quarters that we brought out the surplus lower than it ought to have been by a variety of debit adjustments made at the last moment. Now we certainly had to make a variety of adjustments (all of which were completed before the production of my last statement to this Council), thereby clearing once for all a number of long-standing and unsettled items from the public accounts. Some of these were on the credit, others on the debit side. After setting the latter against the former, the result was a net advantage to the account as just set forth. Thus the unavoidable operation was not, as has sometimes been supposed, at all unfavourable to the final out-turn, but actually favourable.

Further, if I have apprehended rightly, it seems to have been understood in some quarters that the favourable result just described shows that the measures taken during that year by the Government of India were, after all, not necessary, or that there may be difference of opinion as to their necessity. I will therefore declare for the last time that those measures were both just and necessary, and that there is not—there never has been—any difference of opinion in the Government of India on the subject. I showed in my last exposition that those measures bettered the account by 1½ millions sterling. Had it not been for them, therefore, there would have been a deficit of nearly 1½ millions, instead of the small surplus which I have the pleasure to announce to-day. It seems to me that this is as strong a financial justification of those measures as could reasonably be expected.

Further, I understand it to have been held in some quarters that the occurrence of this small surplus instead of deficit, for the past year 1869-70, does to some extent cut away the ground from under the measure of the increased rate of income tax for the present year 1870-71. I can admit, however, nothing of the sort. It is true that amidst an accumulation of many reasons for the enhanced rate of income tax, the anticipated deficit of 1869-70 was one. But the disappearance of this one reason does not at all affect the other and graver reasons. Among these reasons were the deficits of preceding years unfortunately beyond question, evincing unsatisfactory tendencies in our finance, which tendencies could only be stopped by fresh taxation. But the principal reason lay in the condition and prospects of the year 1870-71, to which I have yet to avert. The increased income tax was

Appendix, No. 3.

imposed for 1870-71, the estimate for which year was framed on data of its own, many of which were independent of the out-turn of the preceding year. Even if the actual figures of the year 1869-70 had been known, which was impossible, the prospect of deficit for 1870-71 would have remained unaffected in any essential degree. The surplus of one year cannot be carried over as it were to mitigate the prospect of deficit for the following year.

This brings me to the figures of the current year 1870-71. As the Council recollects, the budget showed a surplus of 163,440 *l.* The regular estimate now shows a surplus of 997,100 *l.*, amounting to a difference in our favour of 833,660 *l.*, of which I shall briefly explain the causes.

The receipts, omitting the net railway traffic receipts, were estimated in the budget at 49,479,585 *l.*; they are now estimated at 51,048,900 *l.*, showing a difference in our favour of 1,569,315 *l.* Of this increase, the main item is 1,074,519 *l.*, under the head of opium. The improvement of the opium receipts arises from the price of Bengal opium having been, on the average of the year, *Rs.* 1,121. 8 *a.*, or 112 *l.* 3 *s.*, per chest, instead of 975 rupees, or 97 *l.* 10 *s.*, per chest, as was first estimated; also from the quantity of Malwa opium having been 38,742 chests, instead of 33,600, as was first estimated.

In my last exposition, I gave to this Council the reasons why the opium estimates had been cautiously framed, namely, the actual fall and the further downward tendency of prices on the Bengal side, and the indifferent prospects of the drug on the Bombay side. The out-turn of the crops on both sides of India has proved, however, even better than was expected; and throughout the year the advices from China have been favourable. The improvement of the Indian opium trade in China must, of course, have had its causes, which causes may be connected with the condition of the indigenous culture of the drug in China itself; but what exactly those causes are, I hesitate to state to this Council. I may have my opinion and conjectures, but I really do not know, and I have not heard of any one who does know. Those nearest to the spot and best qualified to judge have not as yet been able to explain satisfactorily. All I can say now, therefore, is that we are carefully watching every indication afforded by each fact in detail as it becomes known. But I must add that assuredly, at the commencement of the year, when the last budget was prepared, we had no right whatever to reckon on the improvement which has occurred, and no sign or fact whatever to reasonably indicate that it would occur. Therefore, this stroke of fortune does not, in the least, shake my conviction as to the prudence and propriety of the moderate estimate which was made. Nor does it at all encourage me to relax the watchfulness and caution necessary in framing the opium estimates for the coming year.

Recently we have published a *resumé* of all the official information possessed by us regarding the growth of opium in China. The facts therein shown regarding the quantity and quality of the Chinese drug fully bear out what I stated in my exposition of last year, to the effect that the Indian opium trade with China is threatened with a serious competition. It appears that the culture of the poppy in China expanded in the years 1866 and 1867, and that the produce obtained in the summer of 1868 was abundant, and was nearly as good in the summer of 1869. After that, reports reached us of injuries to and failures in the Chinese produce of the summer of 1870. These were corroborated by the subsequent rise in the price of the Chinese drug. Now, is there any connexion, and if so, what, between these circumstances in China and the recent rise or fall of prices of the Indian drug? I really cannot answer these questions. There may be no such close or direct influence exercised by the Chinese upon the Indian drug. It may be said that the two drugs are consumed by different classes in China. The Indian prices must be affected by the increased supply from India itself; also speculation forms an important element in the case; and our experience of Chinese opium, on any considerable scale, is as yet but short, while the information obtainable from the interior of China is often tardy and uncertain.

There remain some items of increase on which the Council may desire a word of explanation. There is an increase of 92,508 *l.* under land revenue. This is due to a considerable improvement in Madras, apparently from the realization of arrears outstanding from previous years of drought.

The increase of 141,500 *l.* in customs has accrued at the ports of Calcutta, British Burma, and Madras, and not at all at the port of Bombay. This increase may, perhaps, surprise those who are not practically acquainted with the import trade. The major part of that trade, namely, the European piece goods, has not, despite large importations, been altogether flourishing, inasmuch as the sale of these important goods for the markets in the interior has not been so favourable to importers as we might have wished. It is feared that the improvement in customs is partly due to over importation which again may be in some respects connected with the abnormal condition of the European markets during this very eventful year. We may regret that the increase of the revenue does not yet indicate a corresponding improvement in trade. But the fact that such large quantities of goods have been taken (though at somewhat low prices) is an index of the prosperous condition of the people at this moment, and affords hope for the future progress of the trade.

The 72,600 *l.* of increase in excise arises in Northern India and Madras; the harvests having been good or abundant.

The increase of 144,510 *l.* in the post office is almost wholly nominal, owing to the fuller exhibition of the charges made against the various departments of the administration for official postage.

The increase of 289,226 *l.* in miscellaneous receipts arises from a large item (93,497 *l.*) of assets of the Ameen's fund at Bombay, long held in suspense, being credited to Government;

ment; from the current adjustments from the balances of the military and medical funds being larger than was anticipated; and from an arrear adjustment from these balances. The circumstances under which the assets and liabilities of these funds were transferred to the State, and the principle upon which the charges of each year are adjusted, were expounded in my last financial statement.

The increase of 166,775 *l.* in army receipts is owing to general augmentation under a variety of heads, such as sale of stores, malt liquor, and the like.

On the other hand there are some instances of diminution in receipts. One important item of decrease is that of 105,000 *l.* under the head of assessed taxes. This means that the 3½ per cent. income tax, together with some arrears of the preceding year, was estimated to yield 2,180,000 *l.*, and is now estimated to yield 2,075,000 *l.* The falling off chiefly arises from the circumstances of several of the tax-paying classes in Bengal, Bombay, and Madras having been less favourable, owing to the state of trade, than was expected. When the losses in trade are remembered, when it is also remembered that the more exact assessments under the new law and under the high rate were sure to be favourable to the taxpayers, and that the enhancement of a direct tax of this sort is sure to be met with a certain degree of passive resistance, I think that the out-turn of the tax for the year promises to be satisfactory, and to prove creditable to the several local Governments. We have constantly observed all the complaints that have been made regarding the assessment or the realization of the impost, and we have done all we could to prevent any just cause of complaint arising. We cannot venture to hope that no such cause has arisen anywhere, knowing, indeed, that in such a country as this regretable circumstances may occur without coming to light. But it is noteworthy that on a circular being addressed by us to the several local Governments in India, inquiring whether there were any known cases of oppression or over-exaction, we received replies from all of them (except the Government of Bengal) to the effect that no such cases were known. The Government of Bengal indeed did transmit a *resumé* of some 13 cases; this number is, of course, a matter for much regret, though relatively it is not large.

Salt again shows a decrease of 72,870 *l.*, which is, however, more than counterbalanced by a decrease in the charges of 82,519 *l.* Less salt has been manufactured and sold than was expected, under the special arrangements at the Sambhur Lake in Rajpootana.

Another item of decrease is that of 107,670 *l.* in the Mint receipts. Very little bullion has during the year been presented for coinage, owing to the unfavourable state of the exchanges.

A further item of decrease to be noticed is that of 129,280 *l.* in the forest receipts. This arises from the consumption of timber by the railways having been less than was expected. The circumstance proceeds really from the State railway works not having been so vigorously prosecuted as was intended. There is, from the same cause, a diminution of outlay (51,540 *l.*) under the head of forests.

There are other small differences, some more, others less, which can be seen in the general sheet, but which I need not now stop to explain. The net result is an income of upwards of 51,000,000 *l.* sterling (51,048,900 *l.*) exclusive of net railway traffic receipts, which amount, if compared with corresponding amounts of previous years, transcends them all, and represents the largest revenue ever yet raised in British India.

Turn we now to the ordinary expenditure of the year. That was estimated in the budget at 49,316,145 *l.*; it is now estimated at 50,051,800 *l.*, showing a difference against us of 735,655 *l.* The causes of this difference also I shall explain.

There is an increase of 31,498 *l.* under interest on miscellaneous accounts by reason of the decision to allow interest on deposits of the Indus Flotilla; of 51,890 *l.* under opium by reason of the crop of 1870 proving larger than was expected, and of extending cultivation; of 45,917 *l.* under post office by reason of arrear payments in England on account of the mail service; of 14,325 *l.* under political agencies by reason of the postponement from last year to this year of a payment in England for the embassy to China; of 82,647 *l.* under superannuation and retired allowances, corresponding with an increase under miscellaneous receipts which I have already explained, and arising from the payments to the pensioners of the late military and medical funds proving larger than was estimated.

These are all minor items of increase. But there are three major items on which I must bestow a few moments; they occur under the heads of miscellaneous, of army, and of railways.

The heavy increase of 414,908 *l.* in the miscellaneous heading arises chiefly from what is technically termed loss by exchange. This is calculated on an assumed, though not an actual, basis of 2 *s.* to the rupee. We are under the obligation of providing annually a large sum in England in pounds sterling for the payments in that country on account of the Government of India. This provision is principally effected by the sale in London of bills drawn by the Secretary of State on the exchequer in India. The amount originally intended to be drawn by the Secretary of State during the year was 9½ millions sterling. The amount actually supplied during the year in England will be 9 millions, although with outstanding bills of past years we shall have to pay 9½ millions (9,525,000 *l.*) in India. Judging by the best information at our command, we estimated that the Secretary of State's bills would be sold at an average rate throughout the year of 1 *s.* 11 ¼*d.* for the rupee, which would have involved, on 9½ millions sterling, a loss by exchange of a little more than 300,000 *l.*, which was the sum provided. This of course was only a forecast of a matter on which foreknowledge was impossible. The actual supply of funds to the Secretary of State,

Appendix, No. 3.

including the specie remittances to be presently referred to, has been effected at an average rate of only a little better than 1 *s.* 10 ½ *d.* for the rupee, involving a loss by exchange of 600,000 *l.* In other words, we hoped to pay only 3·16 per cent. on the basis of the assumed par, for providing the money for discharging our obligations; in fact, however, we have had to pay 6·67 per cent. Judging by all past experience, we deemed our estimate moderate. But the great events in Europe have disturbed exchanges and caused this misfortune to us, which could not have been foreseen.

As part of the 9 millions sterling supplied during the year, we had, last August, to ship in specie from India to England about 62 lakhs of rupees (62,10,688 rupees), or 620,000 *l.* We were informed by the Secretary of State that his bills on India were, for the moment, unsaleable in London. It therefore became immediately necessary for us to remit specie wherewith to provide the means of discharging our current obligations in England. This was accordingly done with the requisite dispatch. The produce in England of these remittances was 571,812 *l.*, or only a little above 1 *s.* 10 *d.* (1 *s.* 10·09 *d.*) per rupee; but the indirect effect of the operation upon the exchanges is believed to have been favourable.

A new item will be perceived in the regular estimate which was not entered at all in the budget, namely, that of allotments for provincial services, 200,000 *l.* This entry appears for the first time. It relates to the scheme set forth in our resolution of December last, entrusting to local governments increased financial control in certain departments, the provisions of which scheme I shall presently recapitulate. In order that the local governments may be able to inaugurate this plan successfully, and to have, as it were, a fair start, it is found most desirable to give them a special allotment of funds to begin with, in addition to the regular allotment they will receive year by year for the next and subsequent years. The regular annual allotments have been made on the basis of the budget grants for 1870–71. In fact, however, there have been savings effected in the current year on these grants, aggregating, for all India, perhaps 200,000 *l.*, though the precise sum cannot be stated with certainty. Under all the circumstances, inasmuch as the savings have been effected in the current year, we have decided to make the special allotment from the resources of this year; and to fix the amount at 200,000 *l.*, to be distributed rateably among the local governments, an arrangement which will, we hope, prove satisfactory to them.

The increase of 554,659 *l.* under the head of army has arisen partly in England and partly in India. The increase in England amounts to 361,859 *l.*, and in India to 192,800 *l.* The increase in England is in overland transport charges, in furlough allowances, and for breech-loading arms. The overland transport system is a new one which is gradually developing itself, and of which it may be difficult in England to estimate accurately the cost beforehand. The increase of furlough allowances arises entirely from officers now drawing pay in England under the new system, who would under the old system have drawn larger allowances on duty in India. For the increased charge on account of the new breech-loading arms the Government of India willingly takes the responsibility, having made urgent indents therefor.

The increase in India is due to the adjustment this year of a large sum on account of the charges for the overland troop transports defrayed in past years in India, which we had been led to suppose had been included in the home accounts. But for this arrear adjustment, the net charge for the army in India, which is even now only 72,735 *l.* more than the estimate, would have been less than was originally estimated by about 300,000 *l.* This is specially satisfactory in connection with the fact that the budget estimate for expenditure in India was for a large reduction over the preceding year.

The third item of increase is that of 319,517 *l.* under guaranteed interest on railway capital, less net traffic receipts. This arises from the net traffic receipts having fallen off; they were estimated at 2,848,470 *l.*; they are now estimated at 2,530,700 *l.* This diminution, again, does not arise from working expenses having proved greater, but from traffic earnings having proved less than the anticipation.

So much for the increases. On the other hand, there is a long list of diminutions arising partly from estimates having been prudently framed, partly from savings having been effected; these range at amounts from 500 *l.* to 100,000 *l.*, and occur under the heads of interest, refunds, land revenue, forests, excise, assessed taxes, customs, mint, telegraph, administrations, minor departments, law and justice, police, marine, education, ecclesiastical, stationery and printing, and allowances under treaties. If this series of savings shall be sustained by the actual account, the result will be very satisfactory. The normal ordinary expenditure for public works has been kept well within budget limits. To this has been added an assignment of 40,000 *l.* to the trustees of the Indian Museum for the completion of the building: it was found necessary to make this grant for this important public structure, in order to fulfil, as nearly as practicable under the circumstances, the obligation imposed upon us by Act XVII. of 1866, to complete the Museum building by the 23rd of the present month of March 1871.

The saving of 141,710 *l.* under railways, is chiefly due to delay in taking up land for the Oudh and Rohilkhund line.

So much for the ordinary expenditure. Before quitting the current year's account, however, I must just advert to the extraordinary expenditure. For this 3,062,300 *l.*, or three millions, were estimated to be spent, but only 1,146,800 *l.*, or about 1 ¼ million, has been actually disbursed. The difference is largely accounted for by the unavoidable delay in prosecuting the State railway works, by reason of the pending questions relating to the gauge

gauge best suited for adoption. These questions having now been decided, we may hope to see the works more rapidly proceeded with. The extraordinary added to the ordinary expenditure makes up a total of 51,198,600 *l.*, or 51¼ millions.

Such are the figures for the current year 1870-71, so far as they are yet known; the estimate being based on the actual figures of 10 months for all, and of 11 months for a few of the main heads of income, of 10 months for all branches of civil expenditure, and of nine months for the Army and the Public Works Department. I must, however, remind the Council of what has been stated in former expositions, to the effect that the figures of the regular estimate are liable to modification by reason of the facts which may come out in the course of the remaining two or three months. These months are in themselves financially very important months, and in March the whole accounts of the year are completed and adjusted. The accounts of the year 1870-71 cannot be even approximately closed for nearly six months to come; so that, although we have omitted no precaution to obtain the best forecast now possible, we must not be surprised if the final result of the year differs considerably, even from the revised estimate now presented.

The main result now apparent is that as regards income and ordinary expenditure, the budget estimate showed a small surplus of one-sixth of a million, and that the regular estimate shows a considerable surplus of a million. On the one hand, it is observable that this satisfactory surplus is wholly due to the unlooked-for rise in opium; and that without this piece of good fortune on the receipt side, we should, apart from the special assignments for the Museum and for provincial services, have had a little less than the surplus of 163,440 *l.* originally estimated. On the other hand, it is equally observable that on the expenditure side there has been a piece of ill-fortune, namely, the heavy loss by exchange, produced by great events beyond the reach of ordinary calculation. Thus, if the argument of fortune be pressed upon us, I should reply that if there has been an extraordinary increment of a million on the receipt side, there has been also an extraordinary increment on the expenditure side; and that if the one point be set against the other, there would still be a surplus in our favour of more than half a million,—that is, a surplus somewhat above that which was originally estimated—in fact, just the amount of surplus which is necessary for safe and sound finance, and no more. This perhaps is the fairest light in which to regard the situation at this moment. And certainly, if these two items be excluded, the general conformity of the regular estimate with the budget is highly satisfactory, both as regards receipts and expenditure, and more especially as regards expenditure, which in India has been kept well within bounds.

But in regard to the (perhaps unfortunately) cardinal importance of the opium revenue to our general finance, let us for a moment consider what would have been the situation had the opium increase of 1,074,519 *l.* not accrued. Why the consequence would have been that, apart from the exceptional allotments of 200,000 *l.* to the local governments wherewith to begin the provincial service scheme, and of 40,000 *l.* to the trustees of the Indian Museum, I should have to-day shown a surplus of 162,581 *l.*, or almost exactly the sum originally estimated, viz., 163,440 *l.* And this circumstance does, to my mind, prove conclusively the justice and necessity of the financial measures proposed in my last exposition, and subsequently adopted by this Council for the current year.

When I say this, the mind of the Council will revert to the enhancement in the rate of the income tax. I apprehend that in some quarters it will be held that the present anticipation of a considerable surplus proves that the increased rate of income tax was, after all, not necessary; but I cannot, in the least degree, admit such an argument.

I have just explained that by one way of viewing the extraordinary circumstances of the year (which is a more favourable view for such an argument), we should only have had a moderate surplus, nearly the lowest amount compatible with safety and efficiency. By the other way of viewing the case (which is probably the more correct way), we should, without the opium increase, have had just the small surplus originally estimated. Therefore the argument, to my apprehension, turns on this question,—was the opium estimate in the budget a fair and prudent one, according to the knowledge available at the time? Has anything since transpired which may reasonably prove that estimate to have been too low under the circumstances wherein it was made? If that estimate was fair and prudent, then there is no ground whatever for impugning the justice and necessity of the enhanced income tax. When I say this, however, I by no means mean to admit that the justification of the income tax solely or even mainly rests on the opium estimate. For, even without this consideration there were various and manifold reasons in justification of that measure.

But I consider that if the opium estimate be proved to have been reasonable, then any attack on the financial necessity of the enhanced income tax for the year must inevitably fail. I here advert to financial necessity, without at this moment adverting to political or other considerations. Now, what were the circumstances under which the opium estimate was framed? Let me remind the Council of the reasons adduced, in my last exposition. It was then shown that there had been a heavy fall in the price of Bengal opium; that, for a whole year the decline had been almost regular and constant; that the tendency was still downwards: that a mass of information had been received from China, indicating that the Indian drug would be subjected more and more to disadvantageous competition; that every practical authority whom we had been able to consult both in China and India, considered that nothing but decline could be anticipated. I affirm that when our Bengal estimate was produced, it was considered not at all too low, but quite high enough in non-official circles, where practical knowledge is in this respect most available. Indeed the most sanguine estimate suggested to us by any one was only 122,500 *l.* in excess of that which we actually adopted. As regards the Malwa opium, the facts were almost as unfavourable. Our

Appendix, No. 3.

estimate, though realized in the end, had been a constant source of anxiety through the year. The local authorities had been constantly warning us of expected deficiency. The then prospects of the crop were not propitious. On a retrospect of the whole case, I am quite convinced that no higher, indeed no other, estimate could have been properly framed than that which was framed; and that being so, I have only to reiterate all the arguments adduced in my last exposition, to the effect that without the income tax at the 3½ per cent. rate we must have produced a budget with a large deficit, and that therefore the imposition of that tax was a matter of financial necessity at that time.

As regards the surplus above shown for the current year, we must remember that it is only anticipated as probable, and not yet actually realized. It may even yet fail us more or less; but if it shall be fully sustained by the ultimate event, it will be most gratifying, and will occur, indeed, not at all before it is needed. In my former expositions, I have shown that although, since the establishment of our financial system, the course of our finances has been certainly in many respects, and perhaps on the whole, satisfactory, still deficit has been too frequent, and surplus too rare. Of late years, especially while curtailing our ordinary expenditure, we have been incurring, and preparing to incur, a liberal and extraordinary outlay in improving our great national estate, for which purpose the national debt is being added to. Now, if ever, then is the time to secure a surplus of income over ordinary expenditure. Now is the season to prove, if we can, that we possess the determination and the means for keeping our income slightly in excess of our ordinary expenditure. We had scarcely dared to hope, indeed, that so good a result would be obtained within this very year, even after all the exertions that have been made. If it be obtained, however, as now seems probable, then the circumstance will afford cause for nothing save congratulation; and we need never regret the efforts which have been made and the sacrifices which have been undergone.

But the existence of surplus for now two consecutive years, though not at all disturbing the reasons for the strong measures which have been adopted, does yet afford reasons for some relaxation of these measures in the coming year. And this remark appropriately brings me to the third part of my subject, namely, the budget for the year 1871-72 shortly to commence.

Before entering into details, I must however draw the attention of this Council and of all others interested in our finance to an important modification in the form of the statement for the year 1871-72. This modification has been made in order to give effect to the Financial Resolution by the Government of India of the 14th December last. It will be remembered that by that resolution an increased degree of control financially was accorded to the several local Governments in India, in certain civil branches, to wit, gaols, registration, police, education, medical services, printing, roads other than military, and civil buildings. We hope that this concession will give the local governments an additional interest in the study and the enforcement of economy in expenditure; will afford them a just inducement to supplement their local receipts from time to time by methods either most acceptable to the people, or least fraught with popular objection; will cause a more complete understanding to arise between the executive authorities and the tax-paying classes respecting the development of fiscal resources; will teach the people to take a practical share in provincial finance, and lead them up gradually towards a degree of local self-government, and will thus conduce to administrative as well as financial improvement. The hopes which I am expressing, however sanguinely or confidently entertained, are, after all, but hopes, and, like all other hopes, may or may not be fairly realised. But let all this eventuate as it may, sure I am with certainty free from shade of doubt, that the measure is advantageous to the Imperial budget of British India. For it it will have the direct effect of definitely limiting, for the present, the expenditure from the general exchequer on certain important branches of civil expenditure, the very branches indeed where, from the progressive spirit of the age, the demands for increased outlay have most arisen, and would most arise, and in which, from the nature of the case, the supreme central authority is least able to check the requirements of the local authorities.

We have indeed, at the outset, inaugurated the measure by reducing the aggregate expenditure under these heads by one-third of a million (331,038 *l.*)* below the budget grant of 1870-71. This is, *per se*, something appreciable of course. But greater far financially is the advantage of setting some definite bounds to the constant growth and expansion of Imperial outlay on these branches, of which the use and importance, though great indeed, are yet local rather than Imperial. The more we consider the constant increases of late years in these particular headings; the difficulty which the Supreme Government has in resisting demands which have so much inherent excellence to recommend them; the desire which we all naturally feel to co-operate, so far as possible, in meeting such reasonable requirements; and yet the impossibility of meeting them unless local income can be legitimately and equitably augmented, the more do we perceive the importance of the financial principle (irrespectively of administrative and general considerations) embodied in the resolution of December last.

And the principle is in this wise. The local governments are to have a fixed annual allotment from the general exchequer for these particular services, and are to appropriate as local income all receipts connected therewith. They are to regulate (subject to certain general

* The reduction appears, *primâ facie*, to be 350,000 *l.*; but the share which would have fallen upon Burmah (18,962 *l.*) has been restored, so that, after rounding the figures, the net retrenchment from all the local Governments aggregates only 331,038 *l.*

general rules) all the expenditure on those services. If the existing income, namely, imperial allotment, *plus* departmental receipts, shall suffice for the requirements of that expenditure, then that is well; if it shall not suffice, then the local Governments are not to apply to the Government of India for increased grants. They must raise what they need by local taxation, or by such like means (subject to our central control) if they fairly can. But if they find that they cannot fairly manage this, then they must necessarily do without the increased expenditure. However much the necessity for doing without the increase may be regretted, there is no help for it. This is the only way of following the good old rule of cutting coat according to cloth. However important progress and improvement may be, financial safety is more important still.

I have seen it stated in some quarters that this new measure, by limiting the aggregate allotment for certain services, tends to deprive the local Governments of any benefit that may arise from increase of the revenue, and to secure all such benefit for the Supreme Government exclusively. I need hardly say that any such allegation is based on misapprehension; as if the Supreme Government had any separate domains or estates or appenages of its own, in which the local Governments had no particular concern? The Supreme Government has no interest separate from the interest of India generally, or from the aggregate of the interests of the several local Governments. The new measure, after all, deals with a part, and that a small part (about one-sixth) of the total civil expenditure. There still remains by far the greater part of this expenditure, under the central control, including such branches as law and justice, the fiscal departments and the departments of general administration, as before, for all which expenditure grants are made to the local Governments. If the revenues increase, there will be benefit to these branches, whether it be in the enhancement of pay, in the expansion of departments, or in new outlay, all which benefits will be felt directly by the local Governments. If it be hereafter possible to increase the grant for public works ordinary, to whom will the increase be allotted? Why, to the local Governments. If it be found practicable to pay more and more interest on loans for public works extraordinary, in what territories will these works be executed? Why, in the territories under the local Governments.

The Council will perceive that the total amount of allotments for provincial services, as just defined, for all the local Governments together, is set down in the expenditure side of the budget for the coming year at 4,799,300 *l.*, or 4¾ millions, which amount I shall explain further presently. Meanwhile, I may observe that the total sum allotted for provincial services is thus distributed:—

	Receipts Surrendered.	Assigned from Imperial Funds.	TOTAL.
	£.	£.	£.
India	9,800	26,700	36,500
Oudh	14,700	211,300	226,000
Central Provinces	24,000	269,600	293,600
Burmah	28,600	276,500	305,100
Bengal	264,300	1,197,900	1,462,700
North Western Provinces	110,000	635,000	745,000
Punjab	67,400	528,800	596,200
Madras	81,800	752,300	834,100
Bombay	55,300	901,200	956,500
TOTAL £.	656,400	4,799,300	5,455,700

The item opposite to "India" in the above list is for the Calcutta University and for provincial services (not including public works) in Coorg, Ajmir, and other districts of which the administration is immediately under the Supreme Government. The figures differ somewhat from those appended to the resolution of the 14th December, owing to the more complete transfer of the charge for medical services than was then proposed; to the inclusion in provincial services of the expenditure for petty construction and repairs in all departments, excepting opium and salt; to the promised additions to the grants in respect to the more stringent system of official postage; and to certain minor corrections of the figures.

The statement which I have given just now presents the total allotment to each local Government for all the services specified. Within this limit each local Government may (subject to the general conditions under which the additional control is confided to it) distribute the amount among the several services, making transfers, if necessary, from one to the other.

These allotments have been fixed on the basis of the budget grants for 1870-71 (after the deduction of the 331,038 *l.* rateably distributed). The objections which might be urged in detail against this mode of fixing the allotments have not, indeed, been overlooked. But certainly any other method that could be devised would have stirred up controversies and difficulties which might never be determined, and which would have caused an indefinite postponement of the whole measure.

If it were urged, too, that the grants for 1870-71, having been very economically fixed, afford too low a standard for future allotments, we should reply that these grants were

Appendix, No. 3.

really as much as we could possibly afford, and that we are not likely to be able to afford more for some time to come.

In addition to these allotments, the local Governments will have the special assignment of 200,000 *l.*, already explained, to begin with.

I have stated that the regulation of the expenditure in these branches is to be confided to the local Governments, subject to certain general conditions. The effect of those conditions is briefly this, that, without the previous consent of the Government of India, no new appointment above a salary of 250 rupees per mensen is to be created, nor old salaries raised beyond that amount; that no class or grade of officers is to be created or abolished, and the pay of no class or grade of offices is to be raised; that no addition or alteration is to be made, as regards pay and allowances, in the provincial departments of any province which might lead to inconvenience in the imperial departments or in other provinces.

The principle of these conditions is that whatever be the degree of control conceded to the local Governments, as regards amount of expenditure and strength of establishments and the like, the regulation of salaries, of rates of pay, even the lowest, of allowances and pecuniary privileges, must remain with the Supreme Government. Strictness in this respect is essential. Connected by the interchange of information as the several provinces of India necessarily are, whatever affects the interests of the public servants and establishments in one province, becomes known in all the others. If anything be conceded in one place, applications for similar concessions are sure to be made from other places in a manner difficult to be resisted. If pay be raised in one department, expectations of similar augmentation are apt to be created in other departments. This consideration becomes of special moment when certain departments hitherto imperial become local, while other departments continue imperial; not, indeed, that uniformity of pay and allowances is necessary for all departments and all establishments alike; nor even that such uniformity is essential for the same department (for instance, police or education) all over India. There may, indeed must, be variations in the several parts of India as regards system and organisation; there will also be differences in prices, in values, and in such like matters; and these circumstances will lead to differences in rates of remuneration; all which the Government of India has always acknowledged and allowed for. Still the check of the Central Government is indispensable to prevent these differences from becoming excessive and leading to financial embarrassment. It is clear then that in making these concessions to the local Governments, we have not parted with any of those powers which are needed for the preservation of financial order throughout India.

I have stated that we have made over to the local Governments the receipts arising in these particular departments. These consist, in the Gaol Department, of the proceeds of prison manufactures and the like; in the police department, of payments by municipalities and railway companies, sale of old stores, and so on; in education, of school fees, sale of books, &c.; and in registration, of the fee proceeds. These several receipts which have been previously included in our imperial sheet are excluded from the budget I now present, and transferred to the category of local funds: they will hereafter be accounted for in the provincial statements. The aggregate is indeed considerable, and amounts to nearly two-thirds of a million. They are, however, in their nature local, and are analogous to the funds which have been always held local, and excluded from the imperial account. They are essentially different from the imperial heads of revenue and receipt. When they are assigned to the local Governments, there is no deviation from the principles which have always governed our finances, to the effect that all heads of State revenue are held as imperial. No attempt has been made to assign to those Governments any branch of the revenues, as that would be a matter attended with difficulties into which I need not now enter. It was intended that an abstract of the estimates of the local Governments on account of provincial services should be presented to the Council with the imperial figures: this will be done in future; but it has been found possible to prepare it this year.

Before quitting this topic, however, I would venture to repeat what I stated before this Council in the budget debate of last year, namely, that too much must not at the outset be expected from the local Governments in consequence of any measure of this kind. After all, those Governments will have no golden road open to them, which is not already open to them in a considerable degree at least. To secure financial benefit, either they must reduce expenditure, or improve existing receipts, or impose new taxation. Now, as regards reduction of expenditure and improvement of existing receipts, they doubtless do already make constant efforts in both these directions. It remains to be seen whether they can put forth more efforts. As regards new taxation, they may do more in that way, but great caution will have to be exercised.

How the several local Governments will deal with their respective shares in the retrenchment of 331,058 *l.* from the grants of 1871–72, and how they will provide whatever additional sums may be required for the finance of the services now entrusted to them, is more than I can say at present. It is, however, clear that they have to some extent already made up, or are making up, their quotas of the retrenchment by savings and reductions of expenditure, a method, in my opinion, the most satisfactory of all. It would be premature to state the precise amount of such savings; but, on the figures now before me, I make out, as already said, that the said savings will probably amount in 1870–71 to 200,000 *l.*, and there seems no reason why the expenditure for 1870–71 should not at least suffice for 1871–72. There will, however, be some fresh local taxation, more or less, in many parts of the country. In the Madras Presidency, as the Council knows, Bills for municipal and local taxation were, a few days ago, unanimously passed by the local Legislature.

ture. In the Bombay Presidency, the matter is still under consideration. In Bengal proper, the final decision of the Government of India, approved, after full discussion, by the Secretary of State, has been communicated to the Lieutenant Governor, to the effect that land and other property are to be rated for the support of roads and education. The local Government is still in communication with the Government of India as to the best way of carrying out this decision. In the North West Provinces, the Punjab, and Oudh, the local Governments have matured plans for provincial imposts, and bills to carry out these plans will be immediately submitted to this Council.

The Government of India has certainly borne in mind, and we believe that the local Governments also remember, the necessity of caution and moderation in the levy of provincial taxes. We have been, and are, most averse to the imposition of any new taxation that can be avoided. It was this consideration that induced us to lower the retrenchment to 331,038*l.* Our demand at first stood much higher; we reduced it in order that the burdens of the people might be abated, and that the local Governments might be spared the necessity of imposing any but the lightest, and most manifestly equitable, provincial taxes.

I now proceed to the figures of the budget for 1871-72.

The receipts are taken at 49,098,900*l.*, or 49 millions, as compared with the 51 millions of the year just about to close. The amounts taken for the main heads of receipt, namely, land revenue, excise, customs, salt, stamps, closely follow the regular estimate for the current year. A moderate improvement is anticipated under land revenue, salt, and stamps. Considering the favourable out-turn of the customs for the current year, which is quite as much as, or even more than, we could have expected, we have not ventured to estimate a further increase for the coming year.

As regards the state of the foregn trade of India generally, I stated in my last exposition that 1869–70 (speaking on returns for eight months) would prove to be a year of retrogression after several years of satisfactory progression. The result has shown a decrease of five per cent. in value as compared with the preceding year. This reduction is, however, mainly due to a reduction in the tariff valuation, so that on the whole the real decrease was but slight. The total value of the trade is taken at 100½ millions sterling. For the current year 1870-71 there may be some improvement. The condition of the principal import, viz., piece goods, has been already noticed. Among the exports, jute (fibre) continues to flourish, the yield of the last crop having been abundant. Last year there were 3,361,852 or 3¼ millions of cwts. exported; in the current year, the export will be greater. The cotton export of 1869–70 amounted to 1⅓ millions of bales (equal to 555 millions of lbs.), being less than that of the preceding year. There seems likely to be as yet a further falling off this year, 1870–71, of this staple quantity, though not in value. We bear in mind the consequences, so important to India, likely to arise from the revived and increased production of the article in the United States of America. In 1869–70, there were 12¾ millions of lbs. of tea exported from India; this year the quantity will be somewhat less. Last year there were 36 millions of lbs. of coffee exported; this year the quantity will be greater. Last year 98,000 cwts. of indigo were exported; this year the quantity will be about the same. There are now eight months' returns in the current year available. Judging from them, we are led to anticipate that the foreign trade of the country will rise to more than 100 millions sterling in value. As regards goods, indeed, there is a clear increase both in exports and imports; but there is a marked falling off in treasure. Last year 14 millions sterling of treasure were imported; this year only four millions were imported in the first eight months.

We have not overlooked a subject adverted to in my last exposition, namely, the remission of the export duty on Indian and Burmese rice. But, considering that there has been all through the current year an improvement in this branch of trade, and an increase in the yield of the duties, we are not prepared, under present financial circumstances, to propose any change.

The opium estimate is taken at a little more than the amount which we are receiving for the current year, or just over eight millions gross. The current year has, indeed, as already seen, been in this respect prosperous beyond expectation. We hope that the circumstances of the time warrant us in anticipating a fair amount of prosperity for the coming year. The advices from China are favourable on the whole. The prices in both the Indian and Chinese markets are, despite fluctuations, fairly satisfactory. For Bengal, we are not able yet to announce the exact number of chests that we expect to sell, but we have 41,042 chests actually secure in our warehouses. The precise number of chests which we shall sell in 1871–72, in addition to the above stock, depends upon the number of chests which we may resolve to offer for sale in the calendar year 1872, which again depends upon the out-turn of the crop now about to be gathered. At the last moment, I regret to say that the weather in the opium-growing districts of the Bengal Presidency is reported to have been of late somewhat unfavourable to the ripening crop. The area under cultivation this year is, however, larger than that cultivated last year, and we entertain hopes that the produce may at any rate not be less than last year's crop (54,072 chests provision opium). For the chests that we may sell in 1871–72 we have assumed an average price of 1,075 rupees, or 107*l.* 10*s.* per chest. The average price per chest in 1870–71 has been *Rs.* 1,120. 8. (112*l.* 1*s.*) per chest. The latest sale has produced 1,169 rupees (116*l.* 18*s.*) per chest. On this very important point, the estimate seems to be prudent, and leaves a margin for fluctuations not now foreseen. For Malwa, the duty being fixed (600 rupees a chest), the real point for forecast is the number of chests likely to be exported. The number in

Appendix, No. 3.

1869–70 was 39,371 chests; that in 1870–71 will be probably 38,742 chests. We have estimated for 1871–72 as many as will bring the total number of chests (Bengal and Mulwa) to 90,000, no doubt a full number, quite up to the average of recent years. But the prospects of the present crop in Mulwa are reported to us by telegraph to be up to yesterday excellent; we are selling this year a much larger provision of Bengal opium than we sold last year; and if the quantity be taken at a full estimate, still the price assumed for Bengal is apparently a moderate one. As a whole, the estimate will, I hope, be considered moderate.

The increase (113,900 *l.*) in the forests estimate allows for increased consumption of timber in the construction of the State railways, partly counterbalanced by increase of expenditure (65,100 *l.*) on the other side of the statement.

The increase (19,400 *l.*) in telegraph arises from improved receipts on the Indo-European line *viâ* Persia and Russia, which has been working with marked efficiency throughout the year. The recent increase in the tariff of both this and the sub-marine line is to be regretted, but I fear that it will be found to have been absolutely necessary to render the continuance of the two alternative lines (so desirable for securing our communications) financially possible. At present the Indo-European line appears to be outstripping its rival in the Red Sea.

The low estimate of mint receipts is owing to the state of exchanges, which may, we fear, not recover sufficiently for much bullion to be presented for coinage. Our mints are unfortunately at present in a condition of enforced inaction.

A diminution is shown in the estimate for miscellaneous receipts, because we do not expect any such arrear adjustments as those whereby this item is swollen in the current year.

The items of decrease under the heads of law and justice, police, and education arise from the transfer of the receipts of gaols, registration, police, and education to local funds in the manner I have already described to-day. All the items transferred amount to a total of 656,400 *l.*

The Post Office shows a decrease of 29,500 *l.*, the receipts this year having been unduly swollen owing to some misunderstanding by the civil departments of the Post Office rules. The receipts might have been, by this time, greater perhaps than they are, had it not been for the concession to the public of carrying half a tola in weight instead of a quarter tola, for half an anna postage. The change, however, has not caused any actual loss of revenue. This result is, of course, owing to an increased number of letters. Two years ago I stated the number of covers of all kinds annually received by the Post Office in India at 70 millions. It has now grown to nearly 95 millions.

In respect to the telegraph receipts, I may observe that the reduced rate of one rupee for a message of 10 words to any part of India has worked so far successfully as to cause an increase already of more than 50 per cent. in private telegrams; but it has not yet caused such an expansion of telegraphic communication as to bring about a financial success. The total number of messages dispatched in India by the Government Telegraph, and by the Railway Telegraph for the public, does not exceed 700,000 annually, a number which is very small for so large a country as this.

The head of Assessed Taxes I shall reserve for separate notice hereafter. The Council will perceive that it shows a decrease of 1,475,000 *l.*

It will hence be apparent that the Budget Estimate of receipts compares favourably with the Regular Estimate of the current year. If the receipts now transferred to the local Governments had remained as before, and if the assessed taxes had been retained at the same rate, then the total for the year, instead of being 49,098,900 *l.*, would have been 51,230,300 *l.*, or 51¼ millions; as high a figure as has ever been presented. The diminution, then, in the present total does not indicate any diminution whatever in our real resources.

I now come to the ordinary expenditure of the year. This is estimated at 49,005,500 *l.*, or just 49 millions, showing a reduction of 1,046,300 *l.*, or one million below the estimated expenditure of the current year. This result is, *primâ facie*, satisfactory. There are several important points in the figures, however, which I must briefly notice. Before doing so, I will clear off some of the lesser points.

In the first place, it will be observed that there are various small increases under headings relating to the collection of the revenue, namely, land revenue (120,500 *l.*), forests (65,100 *l.*), excise (21,400 *l.*), salt (46,200 *l.*), opium (37,900 *l.*), which do not arise from any permanent accession to establishments, or such like expenditure, but from temporary measures leading directly to a pecuniary return, as, in land revenue, for re-assessments; in forests, for bringing additional timber to market; in salt, for expenses at the Sambhur Lake; in opium, for extension of cultivation; and so on.

We do indeed always accede to well-considered applications for grants for re-assessment of the land revenue, an operation which generally, though not always, leads to increase of income. Our notice has been attracted to the apparently slow progress, despite considerable outlay, in the re-assessment of the land revenue of the Punjab, a delay which seems prejudicial to the fiscal interests. This is a matter peculiarly within the province of the local Government; the point, however, has our attention.

The increase (95,200 *l.*) shown under stamps and stationery, is due to the exhibition of the charge for stationery for the first time under this head. The increase of 74,200 *l.* under administration is chiefly owing to the transfer of the charge for the printing establishments of the Supreme Government to this head. It is not thought expedient to maintain a separate

rate head of stationery and printing for this item, and for the cost of stationery alone. Provision has also been made for the contemplated department in the Government of India for revenue, agriculture, and commerce, the creation of which is not expected to add ultimately more than 2,000 *l.* to the cost of the establishments of the Supreme Government.

The decrease shown under the heads of law and justice (535,300 *l.*), of police (2,269,500 *l.*), of education (606,200 *l.*), of medical services (334,800 *l.*), of printing (284,100 *l.*), of public works ordinary (1,575,600 *l.*), arises from the charges for these services being in whole or in part transferred, under the arrangement I have to-day described, from these several heads to the new head of allotments for provincial services, which head appears for the first time in our statement. The services of police and education having been transferred wholly, disappear from our statement. The heading of stationery and printing also disappears; printing becoming henceforward almost wholly a provincial service, and stationery being transferred, as above explained, to stamps. The headings of law and justice, of medical services, and of public works, have been only partially transferred. The decrease shown under law and justice relates only to gaols and registration; that under medical services to those establishments pertaining to civil stations, to dispensaries, and to sanitation, which are immediately under the local Governments, and that under public works to roads other than military, and civil buildings, with their due proportion of establishments.

The decrease under miscellaneous is due chiefly to our being able, in consideration of peace happily restored in Europe within the last few days, to estimate for a rather more favourable rate of exchange than we have had to meet this year. The rate we have taken is 1 *s.* 10¾ *d.* for the rupee, giving, upon a supply of nine millions sterling, a nominal loss of 494,500 *l.*

We have not found it convenient to arrange for proceeding with the general census of India at present.

The increase of 76,200 *l.* for interest relates to the loan provisions for the two years, which I shall notice separately hereafter.

The new head of allotments for provincial services (4,799,300 *l.*) comprises the imperial assignments made upon the basis of the grants of 1870-71, to the several local Governments in India for gaols, registration, police, education, medical services, printing, roads, and civil buildings, and their connected establishments, less the amount of provincial receipts under these heads, which receipts have been surrendered to the local Governments.

The expenditure for the army is set down at 15,984,000 *l.*, showing a decrease of 316,000 *l.* Of this decrease 270,000 *l.* occurs in India, and 75,500 *l.* in England; in fact, it for the most part occurs in India, and mainly for this reason, that no outstanding amounts, such as have had to be charged in the current year for the overland transports are expected in the coming year.

In my last financial exposition, I stated what had been done regarding military reductions. I added that our recommendations for reductions in the artillery and the native army were under the consideration of Her Majesty's Government in England. During the current year progress has been made with both these important questions, which necessarily involve doubtful or controversial points. After discussion, we have submitted our final proposals. We now estimate a saving of nearly 70,000 *l.*, by a reduction of five batteries of horse artillery and three garrison batteries. But in this, as in other cases, the reductions are so managed as to cause no diminution in effective strength of European soldiers. Under all the circumstances, we have felt justified, moreover, in estimating a reduction of 100,000 *l.* in the expenditure on the native army for the coming year. On the other hand, we have been obliged to allow increases for camps of exercise, for military instruction, and for the manufacture of ammunition. On the whole, the amount estimated in India for 1871-72, namely, 12,410,000 *l.*, is the lowest amount that has been taken for any year since the war of the mutinies.

Though the military charges in England do not show a further increase in the coming year, their growth of late years has not escaped our notice. It has occurred under the heads of overland transports, of furlough allowances, and of stores. The increase in furlough allowances in England, arising from officers drawing furlough pay more than heretofore in England, instead of in India, is mainly apparent, being counterbalanced by decrease in India. The increase in stores is for the new breech-loading arms, and is so far not to be regretted, the importance of the arms being too manifest to require explanation. The only item which causes anxiety is the overland transport service, which, however advantageous, does seem likely to cause a permanent augmentation to our expenditure. Attention is being given to the matter. I may add that the important head of retired allowances does not at present show any increase. Whether it is, or is not, likely to increase in future, is a question on which we have submitted our views to Her Majesty's Government in England.

The expenditure proposed for public works ordinary amounts to 2,365,000 *l.*, or 2½ millions. In my last financial statement I explained the reasons why the grant for this branch, once so large, has been reduced to four millions. It is now nominally brought down to 2½ millions by the transfer of 1½ million to provincial services, as already explained to-day. There have been also some further retrenchments from the grants. For the laying out of the 1½ million annually, the several local Governments will in future answer. The

Appendix, No. 8.

2½ millions now remaining under the general control of the Government of India consist of—

	£.
Military	1,012,500
Civil Buildings	150,700
Roads and Communications	115,900
Miscellaneous Public Improvements	25,600
Agricultural	454,900
Establishment and Tools and Plant	605,400
TOTAL £.	2,365,000

These important grants manifestly stand very low,—lower indeed than they have been for years past, and almost as low as can reasonably be expected. The grant for military buildings includes the completion of those new double-storied barracks which had been commenced. In my statement made in March 1869, I went, at some length, into the subject of these barracks. Since then the execution of the scheme has been somewhat delayed from several reasons. It was found that in some places the existing accommodation for the troops was sufficiently good to allow of the new buildings being postponed at a time of financial exigency. There are plans for placing an increased proportion of the troops at hill stations, to some slight extent reducing the need of accommodation in the plains. In some respects, too, there arose doubts as to the suitableness of the designs of the new structures. The expenditure therefore on new barracks has been comparatively small (401,558 *l.*) during the current year, and will be only 436,533 *l.* during the coming year. I need hardly add, however, that the important subject of providing the best obtainable accommodation for the European troops is one which has our constant attention.

The item of establishment, already reduced, may perhaps alone admit of further reduction.

I gather that it has been supposed by some that public works expenditure has been maintained unduly high of late. But the Council can judge whether any such supposition could be supported by these figures. Surely no one will be found to say that the 1½ million allotted to the local Governments is too much. And as regards the 2½ millions remaining under the Government of India, surely no one can justly say that the amount is not moderate, considering the several services and the various provinces in which those services occur.

The net amount which the country will have to pay to the railway companies on account of guaranteed interest is set down for the coming year at 1,856,900 *l.*, or upwards of 1¾ million; about the same amount as that which is being paid during the current year. These amounts are no doubt formidable, and are the heaviest ever yet presented in our statements. The steady accretion year by year of these payments does indeed afford matter for reflection. The main cause is the growth of our gross guaranteed interest. On the one hand, this gross amount grows yearly in England; last year, 1869–70, for instance it was 4,176,008 *l.*; next year it will amount to 4,638,600 *l.*, an increment of nearly half a million within two years. On the 31st March last the total capital outlay stood at 83½ millions (83,444,147 *l.*) out of a total capital subscribed of 86½ millions (86,522,491 *l.*); on the 31st December it stood at 86½ millions (86,525,000 *l.*), the total amount subscribed being 89½ millions (89,460,000 *l.*) We have now nearly 5,000 miles of guaranteed railways open, besides 1,000 miles sanctioned or under construction. On the other hand, the set off in India, namely, that of the net traffic receipts, does not grow at a corresponding rate; just now indeed it is hardly growing at all. Last year it amounted to 2,628,944 *l.*; this year we seem likely to receive only 2,530,700 *l.*, and next year we expect 2,781,700 *l.* It seems to be not so much that the working expenses are unreasonable after allowing for new lengths of line opened—though no doubt there is room for economy;—it is rather that the traffic, especially the goods traffic, has not of late been so flourishing as we might have hoped, considering the increased length of open lines. Last year the gross traffic earnings amounted to 6,204,943 *l.*; this year they amount to 6,551,700 *l.* For next year they are set down at seven millions (7,006,000 *l.*) In my exposition of 1869 I put down the quantity of goods carried at three millions of tons annually, and the number of passenger journeys at 16 millions. At the present time the annual tonnage may be set down at 3½ millions, and the passenger journeys at 17½ millions; showing no considerable increase of late, and leaving an immense way for our traffic to make up before it will bear any favourable comparison either with the size and population of India itself, or with the results obtained from railway communication in other countries.

Nor has any great progress been made of late by the guaranteed lines towards providing for the 5 per cent. interest on capital, and towards discharging the debt due by them to the State. According to the figures of the regular estimate, the East Indian Railway is paying, upon the capital actually expended to the 31st December 1870, 4·8 per cent. per annum, the Eastern Bengal 3·1, the Great Indian Peninsula 2·7, the Bombay, Baroda, and Central India 2·4, the Madras Railway 2·2, the Great Southern of India 1·4, and the Jubbulpore extension only 1·2 per cent. The railways in India as a whole are thus, at present, paying less than 3 per cent. During the last five years the increase of earnings, whether gross or net, has been in the Bengal Presidency rather than in the Madras and Bombay Presidencies. The East Indian Railway and the Eastern Bengal line alone show any large increase. The other lines have remained comparatively stationary in this respect during this period.

So

So long as the construction of additional lengths of railway is going on, the capital accounts, as a whole, necessarily increase, and with them the gross guaranteed interest charge. For a reduction in the net charge on this account we must look to increased traffic receipts; but, as just explained, these have not of late kept pace with the growth of the gross charge. It is the more essential, therefore, that as the several undertakings are completed, or approach completion, and many of them are now in this state, the further expansion of the capital accounts should be strictly watched and controlled. Strenuous endeavours have been made in this direction for long past, and orders have issued quite recently for the making up of the capital accounts of the several companies. Rules have also been prescribed for a closer review of the objects for which capital outlay shall in future be incurred on open lines, and a money limit has been fixed within which all outlay on individual works shall be charged to revenue. A provision like this will, it may be hoped, result in the necessity of every work being jealously scrutinised by each party to the contract, and the constant accretion of the capital accounts by the frequent admission of small items of charge will thus be checked.

During the year by special arrangements made by the Secretary of State with three of the guaranteed railways (Great Indian Peninsula, Bombay and Baroda, and Madras), their debt to the State has been cancelled, and the right of the State to purchase the lines at the first optional period waived, on the condition that the Government shall, during the remainder of the terms of the contracts, receive half of any net traffic earnings in excess of 5 per cent. The East Indian Railway did not assent to this arrangement, and the offer will not, I believe, be repeated to them or extended to the other lines.

I must here ask leave, in reference to public works generally, to bear testimony (in which testimony your Lordship and this Council will doubtless concur) to the very valuable co-operation afforded to the financial administration by Colonel Richard Strachey, the Secretary in the Public Works Department, and now a member of this Legislative Council. Of late years the reduction of expenditure has been greater in the Public Works Department than in any other. However much this reduction is to be regretted, it certainly has been financially necessary; and I cannot testify too strongly to the able and the judicious efforts made by Colonel Strachey in this direction, without which efforts these important financial results would have been impossible.

It may be interesting to note the result of the English expenditure (ordinary) shown separately in one of the accompanying statements. In the Regular Estimate for 1870–71, it is set down at 8,302,900 *l.*, and in the budget for 1871–72, at 8,124,800 *l.*, showing a decrease of 178,100 *l.*, and this notwithstanding an unavoidable increase of 80,200 *l.*, of interest on money to be borrowed. Thus, although there have been increases during 1870–71, which I have for the most part explained to-day, there is no further increase in the budget for 1871–72.

Before leaving the subject of ordinary expenditure, for the reduction of which we have striven so hard, I shall quote a passage from a Despatch received by us from the Secretary of State in August last, which runs thus:—

"Upon a consideration, generally, of your estimates of income and expenditure, I am satisfied that you have laboured earnestly to effect every reduction which can be carried into effect without impairing the efficiency of the several departments of Government."

So much, then, for the various items of ordinary expenditure.

Besides the ordinary expenditure as above explained, there is proposed an expenditure for public works extraordinary of 3,626,000 *l.*, or upwards of 3½ millions, to be provided for from borrowed funds, bringing up the total expenditure, ordinary and extraordinary, to 52,631,500 *l.*, or 52¾ millions. Whether the full amount of 3½ millions will be really laid out during the coming year, is more than I can say, considering that it has never yet been found possible in any year to spend the amount proposed for these works. The works in question are irrigation projects in the Punjab, North Western Provinces, Oudh, Behar, and Orissa, and the State railways in the Punjab and Rajpootana. The careful inquiry needed for these difficult irrigation projects, and the necessity of providing for adequate returns in water-rent, may account for much delay in breaking ground. The gauge question having been at length settled, we may hope to soon see a vigorous commencement with the State railway works, some of which are urgently needed to cheapen the supply of salt for the people.

The new gauge determined after much consideration by the Government of India is that of 3 ft. 3 in., or one meter, which is narrow as compared with the existing gauge in India of 5 ft. 6 in. I cannot here enter into this moot question. I shall only observe that the adoption of the comparatively narrow gauge will, in our belief, cause a large saving both in original outlay and in subsequent working charges. The importance of this consideration will be manifest from the facts I have mentioned to-day, regarding the growth of net interest charges for the existing railways. Doubtless the further extension of the railway system in the continent and peninsula of India is most desirable, but unless the work can be done more cheaply or made more profitable than heretofore, the country cannot afford to pay for such extension. That is the plain fact which renders economy in construction and management of railways so important as to weigh heavily even against considerations of efficiency.

Such, then, are the figures for 1871–72. On a comparison of income with ordinary expenditure, the result is an equilibrium, supported by a small surplus of 93,400 *l.*, a margin which is indeed almost too low for the requirements of the public service.

I must now ask the Council to revert to the item of assessed taxes on the receipt side of

Appendix, No. 3.

the budget for 1871-72. This is set down at 600,000 *l.*, which, as compared with the 2,075,000 *l.* of the current year, 1870-71, shows a reduction in this taxation of 1,475,000 *l.* This is obtained by lowering the rate of assessment from six pies in the rupee, or 3⅛ per cent., to two pies in the rupee, or a fraction over one per cent., and by raising the minimum income liable to assessment from 500 rupees to 750 rupees; in other words, by exempting incomes below 750 rupees. The one per cent. income tax which we retain is manifestly indispensable, inasmuch as without it we should have to produce a budget with a deficit, which is an alternative not to be adopted so long as any legitimate or reasonable resource may remain to us.

Still it may be remembered that we now propose to reduce the income tax to the lowest rate at which it has ever been levied in India, and indeed the lowest at which it could be levied, if retained at all. The proposed rate is equivalent to 2½ *d.* in the pound. The rate of the income tax of 1860 was 4 per cent., or 9½ *d.* in the pound; subsequently reduced to 2 per cent., or 4⅜ *d.* in the pound; the rate for the income tax of 1869-70 was, on the whole year, 1½ per cent., or 3½ *d.* in the pound; that for 1871 was 3⅛, or 7½ *d.* in the pound.

It is indeed a source of satisfaction to us to find ourselves able to provide for the requirements of the year with so low a rate of income tax, and to afford so considerable a measure of relief to the tax-paying classes of all degrees in British India.

More particularly are we gratified at being able to exempt all incomes below 750 rupees; the effect of this will be to altogether relieve about 240,000 persons heretofore taxed. The total number assessed to the existing income tax is about 480,000; under the now proposed tax the number will be reduced to about 240,000, which really forms a very small proportion (one in 625, or say one in 120 heads of families), out of a population of 150 millions. It was in respect to the small incomes below 750 rupees that complaints of over-assessment or exaction, or other vexation, have mainly arisen. We have been impressed by the statements made regarding the pressure of the tax, and its concomitants, upon these small incomes; troubles which, we fear, in such a country as India, are practically difficult of remedy, though of course no effort has been spared for prevention or for cure. While the rate remained low as in 1867-68 and 1868-69, these complaints were not perceptible at all or were much less rife; and no doubt this year the inherent difficulties of the case were aggravated by the increased rate. Whether they would or would not be essentially mitigated by reduction of the rate, may be a question. At all events, by the exemption of the lowest class of incomes altogether, we hope that some at least of the most salient points of objection will be effectually removed, and that the sacrifice of revenue caused by the exemption (some 150,000 *l.* at one per cent.) will not be found considerable.

It may be borne in mind that in 1860 and subsequent years, the tax reached down to incomes of 200 rupees; subsequently it was remitted on incomes below 500 rupees. The license tax of 1867 reached down to incomes of 200 rupees; the certificate tax of 1868 reached only to incomes of 500 rupees; these were both virtually rough income taxes. The 500 rupees limit was observed in the income taxes of 1869-70 and 1870-71. Thus it is clear that from time to time the policy has been to extend the exemption more and more among the poorer of the classes liable to assessment. And now we propose a further exemption beyond which it is difficult to go, if the tax be retained at all.

I have, therefore, to propose on behalf of the Government of India an income tax of two pies in the rupee, or a fraction above one per cent., and to request leave to introduce a Bill into this Council for that purpose. The Bill, if it should pass into law, will replace the existing Income Tax Act, which expires on the 31st of this month (March). We have endeavoured in the Bill to amend such of the provisions of the present law as have appeared to operate with occasional harshness, or to cause particular dissatisfaction. We do not propose to enact it for any particular period or to fix any limit of duration.

From this explanation of the revenue and charges of the year, I pass on to the provision of ways and means, and to the cash balance account.

We expected to commence the current year, 1870-71, with a cash balance of 13½ millions (13,644,859 *l.*), and to close it with a balance of 10½ millions (10,569,443 *l.*) On closing the account, however, finally for the previous year, we found an actual cash balance, at the commencement of the current year, of nearly 14 millions (13,940,451 *l.*), which improvement was due to the actual account of the previous year turning out more favourable than the regular estimate. We expect that the current year, after its close, will leave us a cash balance of 16 millions, or 16,012,051 *l.*, being 5½ millions (5,442,808 *l.*) better than the first estimate (10,569,443 *l.*) Throughout the year the cash balances all over India have been very high, higher than they have been for some eight years past. (Their lowest point was 10¾ millions in October.) This circumstance is to some extent satisfactory, and calculated to raise confidence in our finance. Still there are special, perhaps adventitious, reasons why we stand so well in this respect, and even so much better than we expected at the time of my last exposition. These reasons are, firstly, that the opening balance of the year was actually higher than the estimate by 295,592 *l.*; secondly, that we have spent 1½ million on public works extraordinary, instead of three millions, as I have already explained to-day; thirdly, that we have paid in India altogether half a million less on Secretary of State's bills than we expected; fourthly, that the amount of capital advanced to the railway companies for the construction of the lines has been less by nearly 1½ million (1,404,200 *l.*) than was expected; fifthly, that owing to unexpected accession of opium revenue, the ordinary finance of the year has been bettered by a million, as I have also explained to-day. These reasons, with some few changes in the remittance heads, fully account

account for the improved condition of the cash balances, and for the difference between the original and the present estimate.

As might be expected under all these circumstances, our public credit, as proved by the prices of Government stocks, has, on the whole, been higher during the current year than it has ever stood before. Our Four per Cent. stocks in India have commanded prices of 96, 97, and even 98, for every hundred rupees. In England the Secretary of State's Four per Cent. sterling paper has been sold at a small premium. In my last statement I noticed the gradual decline in the value of our Five and Five-and-a-half per Cent. stocks by reason of the limited period for which our loans at those rates of interest have currency. The decline has continued during the current year for the same reason. That our stocks bearing the higher rates of interest should decline in value, while those bearing the lower rates are rising, is manifestly a most satisfactory circumstance. It may be interesting to mention here that the amount of our rupee debt (that is, the securities of the Government of India enfaced for payment of interest in England by bills upon India) held at home, grew, during the year, from 15,839,832 *l.* to 17,797,622 *l.*, or by nearly two millions sterling. This is no doubt due to the adverse rates of exchange.

I have now to advert to the loan arrangements for 1871–72. There will, as might be expected, be some borrowing, inasmuch as I have already stated that 3½ millions are proposed to be spent on public works extraordinary during the coming year.

In my last statement I explained that at the commencement of the current year we had in hand 1¼ million due by the Loan Department to the public works according to the account as then made up. The Secretary of State then intended to raise, by the end of 1870–71, two millions more; he has actually raised 3½. As the Council knows, we have raised nothing in India, save a quarter of a million lent by Maharaja Holkar for a state railway in his Highness' territories. These several sums make up 5¾ millions. Against this we have expended in the year (as already seen) 1¼ million on public works extraordinary, which, deducted from the 5¾, leaves four millions in hand, for which the Loan Department has to account to the Public Works Department. To that balance, however, there is a set-off of 1,105,247 *l.* advances to municipalities and the like, to which I shall immediately refer. The actual estimated balance in hand on this account, at the end of 1870–71, is about 2½ millions (2,591,438 *l.*) Moreover, although our own transactions will result in the reduction of our debt by a small amount (139,800 *l.*), the Secretary of State has intimated his intention of borrowing 2½ millions during the coming year, repaying only 5,000 *l.*, so that we shall add to our debt, during the year, altogether 2,355,200 *l.* This amount, added to the balance just shown, provides more than enough for the 3½ millions of proposed extraordinary expenditure. There is, therefore, neither need nor justification for the raising of any loan in India at present.

It is from these loan funds that we have been able to advance various sums to municipalities for reproductive works on good security for payment of the interest and repayment of the principal. The amount of advances of this nature made or brought to account since the beginning of 1869–70 is, net, 1,105,247 *l.* It is, of course, practically impossible for municipalities to effect any large improvements without raising funds by borrowing. If they must borrow, it is far better that they should borrow from the Treasury rather than in the open market, for the plain reason that the Treasury can afford to lend on more favourable terms, and also because our financial control over these transactions is thereby promoted. Legal doubts, however, arose as to the competency of municipalities to contract obligations of this description. Therefore a law has been introduced into this Council to enable them to do this, and to render valid the proceedings they may take towards this end under proper sanction. These remarks are irrespective of the debentures issued by certain municipalities, such as that of Calcutta, under a special law.

If extensive disbursements shall hereafter be made under the law before this Council for facilitating advances of money by Government for permanent works of agricultural improvement, the money will be disbursed from the loan funds also.

I must here draw attention to the fast-growing interest on account of these borrowings. In 1869–70 this system was fairly begun; since then 7½ millions (7,479,099 *l.*) have been borrowed, and 2½ more (2,355,700 *l.*) are now to be borrowed; in all, 10 millions (9,974,099 *l.*); of which 3¾ millions (3,782,411 *l.*) have been spent on public works extraordinary, and 3½ (3,626,000 *l.*) are now set down to be expended; in all, 7½ (7,408,411 *l.*) millions: besides which, a million (1,105,247 *l.*) has been advanced, as I have above shown. The annual interest on the total sum thus borrowed amounts to more than 450,000 *l.* annually; on the total sum expended, or to be immediately expended, it amounts to 350,000 *l.* It is hoped that the yearly increase of the item now separately shown as irrigation income will prove more and more a set-off; and that when the State railways shall be opened there will be a further set-off in that direction. The more complete exhibition of all the income derived by the State from its canal works has occupied and is still occupying the attention of the Government of India, and some important points of legislation connected therewith have been brought under the consideration of this Council.

The entire registered debt of India (exclusive of 6,299,700 *l.*, East India Stock, for the redemption of which a guarantee fund is accumulating under the provisions of c. 85, 3 & 4 Will. 4) is expected to amount at the end of 1871–72 to 106¾ millions (106,853,400 *l.*), of which 67,089,500 *l.* will have been borrowed in India and 39,765,700 *l.* in England. The interest estimated to be paid in 1871–72, exclusive of the dividends on the East India Stock, is 4,742,000 *l.*, being 4·44, or less than 4½ per cent. upon the whole registered debt.

We duly bear in mind the amounts of the loans bearing interest at five per cent., repay-

Appendix, No. 8.

able during the coming year; but I cannot yet state the intentions of the Government of India in regard thereto.

After the loan provisions which I have just explained, it remains to see how the cash balances will stand for the coming year, 1871-72. In my last exposition before this Council I described the improvements made in the form of the estimate of the cash balances. It will be remembered that this great account comprises a variety of important items besides the regular income and expenditure of the Government; inasmuch as the Indian Exchequer performs a vast amount of business in addition to the receiving of the Government revenues and the disbursing of the Government expenses. The general nature of this business I have described in previous expositions.

I will first set forth the result of the figures on both sides of the account in India, exclusive of England.

The receipt side then is as follows:—

Commencing the year with an estimated cash balance, as already seen, of 16 millions, and a Government income of 49 millions, we expect, besides, 6½ millions of railway traffic receipts, 17¾ millions of advances recovered and deposits repayable, including local funds; and 1½ million on the remittance or suspense account between England and India; making, with some other smaller items and transfer entries, in all 91¾ millions (91,871,051 *l.*). On the payment side, besides the ordinary expenditure of 39 millions and the extraordinary of 3¼ millions, we have 3½ millions railway working expenses, 18⅓ millions of advances recoverable and deposits repaid, nine millions to be paid on bills of exchange drawn in England by the Secretary of State; and 1¾ million to be disbursed for construction of railways in India by the guaranteed companies; making, with some transfer and account entries, a total of 76,749,800 *l.*, or 76¾ millions. This total, deducted from the 91¾ millions shown on the receipt side, leaves us an estimated cash balance of 15 millions (15,121,251 *l.*) on the 31st March 1872, being the close of the coming year, 1871-72.

There is also the cash account kept by the Secretary of State in London on account of India. For the coming year, 1871-72, the receipt side is in this wise: the opening cash balances will be two millions; the amount received on bills of exchange drawn on India will be nine millions; there will be 4¾ millions of railway capital subscribed, and there will be 2⅛ millions borrowed. These, with some smaller items, make up a total of 18⅛ millions. On the payment side there will be a regular expenditure, ordinary and extraordinary, in England on account of India, of 13 millions (13,114,300 *l.*); there will be 1⅓ million paid on the remittance account, and there will be two millions withdrawals of railway capital. These items, deducted from the 18⅛ millions on the receipt side, leave a closing balance of 2⅛ millions.

The aggregate of estimated receipts and payments in India and England for the year, as I have shown above, stands at 110¼ millions (110,295,334 *l.*) on each side of the account. I have not attempted to do more than give a sketch of this really vast account, the complete development of which would weary the Council. But even this outline will convey some idea of the dimensions to which the transactions of the Indian Exchequer have grown.

I have said that in the deposit receipts are included the local funds, the expenditure from those funds being shown in deposit payments. A new and interesting character will now attach to these funds. They have heretofore, as the Council knows, included the road fund, ferry fund, pound fund, educational cesses, police cesses, profits of prison labour, hospital funds, port and harbour funds, municipal octroi fees under special Acts, and so on. To these there are now added the 656,400 *l.* already described to-day, being the receipts of the departments of gaols, registration, education, and police, transferred from the Imperial sheet. The total thus made up for 1871-72 amounts to 4,028,473 *l.*, or four millions for all India. There will also be added the proceeds of the new local taxes that may be imposed by the local Governments; so the heading will shortly show an augmentation, and may probably grow year by year. Each local Government will in future exhibit a sheet of its income and its expenditure under this head; and in this statement there will be combined the income and expenditure under the new allotments for provincial services described to-day, amounting to 4¾ millions; so that the local budgets under the new measure will deal with an aggregate income of nearly nine millions to start with.

Before finally quitting the finances of the year, I must ask leave to notice certain remarks which have been made, and indeed reiterated, regarding the accounts of the Home Treasury of the Government of India which are kept in England. It has been said that the expenditure in England on account of India is incurred without sufficient reference to the authorities in India, and that the detailed accounts of it are not made known in India. Now, I showed in my last exposition that by far the greatest part of that expenditure is really incurred either under rules proposed by the Government of India, or upon requisitions made by the Government of India. So far we ourselves must accept a very large share of the responsibility. There are some exceptions to this, but they are not considerable. So much for the expenditure. No doubt the accounts of that expenditure are kept under the direct orders of the Secretary of State for India; but they are rendered to us month by month, with the greatest regularity and the fullest detail. We again publish the account annually, with all its details, in the "Gazette of India," and have usually done so for years past; the publication taking place in the summer. In short, the information before the public in India regarding the expenditure in England is as full as that regarding any portion of the public expenditure whatever.

I may

I may add one word about the Indian accounts. The entire approximate actual accounts for the year 1869–70, ending 31st March 1870, were published on the 3rd September 1870; that is, in five months after the completion of the year. The regular estimate for the year 1870–71 is produced to-day early in the 11th month of the year, comprising more than 10 months' actual figures for all the revenues and for all the civil expenditure, and nine months for the remainder. Now, considering that we have to deal with accounts from eight local Governments, from 12 Imperial departments, and 225 treasuries—all scattered at great distances—I think that these facts show a high degree of promptitude and discipline in the Account Department throughout British India.

After this exposition of the prospects of 1871–72, it remains to notice very briefly several measures which have been adopted in connection with finance.

In my statements made in March 1869 and April 1870, when noticing the success of the three Presidency savings banks, I stated that measures were being devised for the ramification of these institutions throughout the interior of the country. During the current year these measures, after long discussion, were introduced in the several divisions of the Bengal Presidency. The number of new banks already opened is 49; the total deposits, on the latest dates for which we have returns, amount to 1,20,693 rupees, or 12,069 *l.*; and the number of depositors is 925. The deposits will doubtless increase from time to time, the present result being only a commencement. This is, of course, in addition to the Presidency Savings Bank at Calcutta, which now has 291,640 *l.* of deposits and 7,464 depositors. We have not yet opened district savings banks under that name in the Madras and Bombay Presidencies, but practically they do exist in every district under those Governments, as the Government Savings Banks in both Presidencies extend their benefits to all depositors without the restriction which was placed upon such institutions in Bengal, where Government servants only were permitted to open deposit accounts. The Government Savings Banks in the Presidencies of Madras and Bombay are very freely resorted to. The present number of depositors in the Madras banks is 7,189, and in those of Bombay 15,679; the aggregate amount deposited in the Madras banks is 187,727 *l.*, and in the Bombay banks 441,137 *l.* But the figures in both Presidencies are believed to include the deposits of the native army. The system in these Presidencies may perhaps eventually be assimilated to that now introduced in the rest of India. The total of deposits in the savings banks of all kinds in the three Presidencies now stands at 932,573 *l.*, and the number of depositors amounts to 31,257. This is exclusive of regimental savings banks in Bengal, the deposits in which amount to 76,000 *l.* These figures show an increase of nearly 40 per cent. since I first drew the attention of this Council to the subject two years ago. That the increase may be progressive year by year is much to be wished.

In my last statement I adverted to the measure then before this Council for increasing the proportion of the paper currency reserve to be invested in Government securities, and for raising the limit from four millions to six; adding that the operation, if authorised by law, would, in practice, be kept cautiously tentative. The Bill has since passed into law, but we have not yet, under the circumstances of the currency, seen fit to avail ourselves of the power which has been taken. We rather prefer for the present to keep our specie reserve large and full, in order that we may have the means of facilitating the encashment of the notes, of whatever circle, at all the principal treasuries throughout the country. Arrangements of this kind appear even more than ever desirable, since we have (within the current year) obtained power by law from this Council to issue notes of five rupees; a lower denomination than has ever yet been tried in India. I have so recently explained in detail to this Council the arguments in favour of the five rupee note, the conditions under which the offices of the interior circles of India are to cash notes of all other circles, the arrangements for cashing notes at the ordinary treasuries in the districts in the interior, and the general state of our paper circulation and our reserves, that I need not advert further to the subject now, beyond stating that the average weekly circulation of 1869–70 has proved to have exceeded 10½ millions (10,630,473 *l.*), a slight increase over any previous year; that the circulation of the current year does not promise to be equally favourable, the estimated average circulation appearing not likely to exceed 10 millions; and that the reserve consists of 6¾ millions (6,846,106 *l.*) in specie, and 3¼ millions (3,227,200 *l.*) in Government securities; the specie reserve being manifestly strong.

The money-order system in India is successfully making good its ground. During the past year 1869–70, orders were issued to the amount of 116 lakhs of rupees, or a little above a million sterling. It is matter of regret that we have not yet been able to establish a similar system between India and England, but difficulties arising out of the fluctuations of exchange have hitherto prevented this. We still hope that these difficulties may be overcome.

I am still unable to report any marked result from the Notification of November 1868, whereby it was announced that the sovereign would be taken at the Government treasuries as an equivalent for *Rs.* 10. 4., instead of 10 rupees as before. The value of a sovereign having exceeded *Rs.* 10. 4. throughout the year, no sovereigns have been received at the general treasury, and scarcely any by the Currency Department. The importation of gold into India during the year 1870–71, is expected to amount to only between two and three millions against 5,690,400 *l.* of the preceding year. Gold has been tendered by the public at our mints for coinage into Indian gold pieces to the value of only 4,775 *l.* These operations have been of course much affected by the state of the exchanges so greatly militating against the presentation of bullion for coinage. During the year we have, after much unavoidable delay, obtained from England the requisite mechanical appliances for coining gold pieces

Appendix, No. 8.

of ten and five rupees (in addition to the 15-rupee pieces previously coined) under the existing law. A few of these smaller pieces have been coined by the Government, and may be considered to represent the Indian sovereign and half-sovereign. I hope that this measure may help to pave the way for the future introduction of a gold currency into India.

Such, then, is the exposition which I have this day to offer. The main points have been—

That for 1869-70, instead of an anticipated deficit of 625,594 *l.*, there has been an actual surplus of 118,668 *l.*;

That for 1870-71 the surplus estimated in the budget at 163,440 *l.* is now estimated at 997,100 *l.*, or one million;

That this surplus is really due to an unlooked for accession of opium revenue;

That without this accession of opium revenue there would have been little more than an equilibrium between income and ordinary expenditure;

That for 1871-72 there is estimated a small surplus of income over ordinary expenditure of 93,400 *l.*

That this estimate is arrived at after a large abatement of the income tax: the lowest incomes assessable, namely, those between 750 and 500 rupees, being exempted altogether, and the rates for all classes being lowered from 3⅓ to a fraction above 1 per cent.;

That this change in the income tax causes a reduction of 1½ millions of direct taxation;

That the exemption of incomes between 750 and 500 rupees reduces the total number of persons assessed, 480,000, by fully one-half, and releases 240,000 tax-payers;

That the ordinary expenditure for the coming year shows a decrease of one million of expenditure as compared with the current year;

That, subject to certain conditions, an increased financial control has been entrusted to the several local Governments in respect of gaols, registration, police, education, medical services, printing, roads other than military, and civil buildings;

That the grants by the general treasury for these services have been reduced by 331,038 *l.*, and that a fixed limit is imposed on the imperial expenditure on these departments;

That for these provincial services throughout India, allotments have been made of 4¾ millions distributed among the various local Governments;

That apart from the allotments made to the local Governments under these provincial services for roads and buildings, the ordinary public works grant in India has been brought down to 2⅓ millions;

That 3½ millions have been raised by loan in England since my last statement was made, while only a little above one million has been expended on public works extraordinary;

That 3⅓ millions are proposed to be spent on public works extraordinary during the coming year 1871-72, 2⅓ millions being provided for by loan;

That owing to the improvements in the account of the income and ordinary expenditure of Government, and the temporary diminution of expenditure on public works extraordinary and on construction of the guaranteed railways, the cash balances in India are very high, and that no loan is proposed in this country;

That during the current year various measures relating to finance have been carried out, such as the coinage of ten-rupee and five-rupee gold pieces, the legalisation of a five-rupee note in the paper currency, the introduction of district savings banks in the interior of the country.

I must now conclude my exposition. If it be found (as I fear it will) meagre and imperfect in many respects, still I hope the Council will remember that my subject is really too varied and extensive to be fully treated in all its particulars within the limits of the patience of my hearers. At all events, within these necessary limits, I have striven to compress as many facts and considerations as possible.

In 1869 I spoke of flourishing revenue and growing commerce. In 1870 the burden of my story was diminished income and depressed trade. In 1871, however, I have now once more to tell of national prosperity, of abundant harvests, of rising income, of falling expenditure, of improved public credit. In two successive expositions (1869 and 1870) I have had to lament the existence of deficit. But on this occasion, in my third exposition, the picture is at last relieved by the prospect of surplus. The Council knows what strenuous exertions have been made to obtain equilibrium and even surplus. Those efforts seem at this moment likely to be attended with even more success than we at first ventured to hope for.

In 1869 I affirmed that the Government of India had aimed at a financial policy to be at once safe, sound, and just. Since then, two years of trial and labour have passed; and I affirm once more that the same principles have been strictly observed, notwithstanding that the observance caused much trouble and difficulty.

We have maintained a strict distinction as to what expenditure shall, and what shall not, be considered extraordinary to be provided for by loan. All expenditure, however beneficial, not yielding a direct pecuniary return, has been classed as ordinary expenditure. We have resolved that, so far as may be possible, the whole of the ordinary expenditure of each year shall be defrayed from the revenues of that year. We have jealously guarded against

against everything that might tend to shift the burden of these just charges from the present to the future. We have steadily refrained from providing by loan for any branch of ordinary expenditure or for any public work not yielding a direct pecuniary return. We have even refused to entertain proposals for temporary or terminable loans for such purposes. In preference to any such course, the alternative of enhancing the existing taxation has been adopted. But that taxation has been so adjusted as to fall rather on the richer than the poorer classes of this country. Though the revenue has been augmented, yet no fresh burden whatever has been imposed on any branch of trade or of industry; no new imperial tax has been introduced; no fiscal innovation has been applied to British India generally. In so far as any fresh tax may be needed in any part of India, the disposition has been to rely on local rather than imperial arrangements. Appendix, No. 2.

Retrenchments in both the civil and the military branches of expenditure in India have been made. To afford further relief, the expenditure on ordinary public works has been cut down by more than one-third. Strict economy in details has been enforced by the Government of India and by the local Governments. The better enforcement of economy was one of the reasons for investing the local Governments with increased financial control in several departments. That measure also has been commenced by a further reduction of one-third of a million of expenditure.

On the other hand, liberality has been shown in the provision by loan for public works of an extraordinary and reproductive character. But this operation has been so far guarded financially, in that the interest on the borrowed capital is charged against ordinary revenues.

Though carefully weighing all that can be urged against any part of this policy, we have not been, and are not, persuaded, by any consideration whatever, to depart or deviate from it as a whole. We are still prepared to persevere, and to make any effort that can fairly and reasonably be made to act up to these principles; though we are glad to be enabled by improved circumstances to propose for the coming year a relaxation of some of the stringent measures which, to our regret, had become indispensably necessary for the current year.

At the request of his Excellency the President, the Honourable Mr. Stephen stated that the Bill would be introduced in Council on the 17th instant, and would on that day be referred to a Select Committee. The Committee would probably present their report on the 24th, and the Council would then be in a position to take the report into consideration, and would be able to pass the Bill on the 31st. He might further state that the Bill would be published in the "Gazette of India" on Saturday next.

The motion was put, and agreed to.

The Council adjourned to Friday, the 10th March 1871.

Calcutta, 9 March 1871.

Whitley Stokes,
Secretary to the Government of India,
Legislative Department.

ENGLAND AND INDIA.—BUDGET ESTIMATE, 1871–72.

Revenues and Receipts.	Actuals, 1869-70.	Budget Estimate, 1870-71.	Regular Estimate, 1870-71.	Increase.	Decrease.	Budget Estimate, 1871-72.	Budget Compared with Regular.
	£.	£.	£.	£.	£.	£.	£.
I.—Land Revenue	21,066,929	20,560,892	20,653,400	92,508	- -	20,709,700	+56,300
II.—Tributes and Contributions from Native States.	765,126	737,073	739,300	2,227	- -	730,100	—9,200
III.—Forest	471,590	588,780	459,500	- -	129,280	573,400	+113,900
IV.—Excise on Spirits and Drugs.	2,255,197	2,285,000	2,357,600	72,600	- -	2,351,100	—6,500
V.—Assessed Taxes	1,110,224	2,180,000	2,075,000	- -	105,000	600,000	—1,475,000
VI.—Customs	2,429,185	2,416,500	2,558,000	141,500	- -	2,556,800	—1,200
VII.—Salt	5,888,707	6,177,370	6,104,500	- -	72,870	6,190,000	+85,500
VIII.—Opium	7,951,557	6,922,281	7,996,800	1,074,519	- -	8,038,500	+41,700
IX.—Stamps	2,373,844	2,441,508	2,488,900	47,392	- -	2,542,100	+53,200
X.—Mint	157,214	139,970	32,300	- -	107,670	40,600	+8,300
XI.—Post Office	711,698	750,590	895,100	144,510	- -	865,600	—29,500
XII.—Telegraph	257,134	193,056	226,200	33,144	- -	245,600	+19,400
XIII.—Law and Justice	828,515	793,292	755,400	- -	37,892	466,600	—288,800
Police	287,549	251,966	252,900	934	- -	- -	—252,900
XIV.—Marine	329,953	265,615	272,100	6,485	- -	237,900	—34,200
Education	74,873	78,574	62,200	- -	16,374	- -	—62,200
XV.—Interest	375,698	365,321	354,700	- -	10,621	339,900	—14,800
XVI.—Miscellaneous	1,525,769	737,874	1,027,100	289,226	- -	928,300	—98,800
	48,860,762	47,885,662	49,311,000	1,905,045	479,707	47,416,200	—1,894,800
Army	1,082,605	736,225	903,000	166,775	- -	819,000	—84,000
Public Works Ordinary	169,155	117,870	117,600	- -	270	109,900	—7,700
Public Works Irrigation	534,979	462,740	473,600	10,860	- -	496,300	+22,700
Railways	253,580	277,088	243,700	- -	33,388	257,500	+13,800
TOTAL £.	50,901,081	49,479,585	51,048,900	2,082,680	513,365	49,098,900	—1,950,000

[illegible] are the services for which these allotments are made:—Gaols, registration, police, education, medical services, printing, petty construction

[illegible]illiam: Financial Department,
9 March 1871.

Edward Gay,
Deputy Comptroller General.

ENGLAND AND INDIA.—BUDGET ESTIMATE, 1871-72.

Expenditure.	Actuals, 1869-70.	Budget Estimate, 1870-71.	Regular Estimate, 1870-71.	Increase.	Decrease.	Budget Estimate, 1871-72.	Budget Compared with Regular.
	£.	£.	£.	£.	£.	£.	£.
1.—Interest on Funded and Unfunded Debt.	4,982,120	5,300,538	5,295,800	- -	4,738	5,372,000	+76,200
2.—Interest on Service Funds and other Accounts.	627,267	514,002	545,500	31,498	- -	528,100	—17,400
3.—Refunds and Drawbacks -	465,094	400,000	338,600	- -	61,400	336,000	—2,600
4.—Land Revenue - - -	2,458,389	2,497,612	2,410,100	- -	87,512	2,530,600	+120,500
5.—Forest - - - -	313,477	437,540	386,000	- -	51,540	451,100	+65,100
6.—Excise on Spirits and Drugs	256,528	288,994	273,300	- -	15,694	294,700	+21,400
7.—Assessed Taxes - - -	41,701	59,100	43,700	- -	15,400	43,400	—300
8.—Customs - - - -	184,456	189,214	185,000	- -	4,214	193,400	+8,400
9.—Salt - - - - -	391,485	499,019	416,500	- -	82,519	462,700	+46,200
10.—Opium - - - -	1,820,683	2,013,110	2,065,000	51,890	- -	2,102,900	+37,900
11.—Stamps and Stationery -	274,160	245,440	243,900	- -	1,540	255,500	+11,600
12.—Mint - - - -	101,064	95,908	66,600	- -	29,308	71,700	+5,100
13.—Post Office - - -	688,483	729,583	775,500	45,917	- -	755,100	—20,400
14.—Telegraph - - -	553,401	589,719	537,100	- -	52,619	515,500	—21,600
15.—Administration - - -	1,389,875	1,400,601	1,363,000	- -	37,601	1,437,200	+74,200
16.—Minor Departments - -	234,680	239,167	218,900	- -	20,267	235,600	+16,700
17.—Law and Justice - -	2,902,926	3,009,432	2,962,400	- -	47,032	2,427,100	—535,300
Police - - - -	2,435,131	2,319,964	2,269,500	- -	50,464	- -	—2,269,500
18.—Marine - - - -	1,291,571	784,100	733,700	- -	50,400	777,800	+44,100
Education - - -	627,184	680,530	606,200	- -	74,330	- -	—606,200
19.—Ecclesiastical - - -	161,083	169,795	153,600	- -	16,195	164,900	+11,300
20.—Medical Services - -	487,047	503,654	505,200	1,546	- -	170,400	—334,800
Printing - - - -	214,362	222,279	200,500	- -	21,779	- -	—200,500
21.—Political Agencies - -	405,897	313,675	328,000	14,325	- -	299,900	—28,100
22.—Allowances and Assignments under Treaties and Engagements.	1,863,615	1,787,090	1,729,900	- -	57,190	1,720,800	—9,100
23.—Superannuation, Retired, and Compassionate Allowances.	1,332,515	1,376,253	1,458,900	82,647	- -	1,425,700	—33,200
24.—Miscellaneous - - -	1,059,838	985,192	1,400,100	414,908	- -	1,192,700	—207,400
25.—Allotments for Provincial Services.*	- -	- -	200,000	200,000	- -	4,799,300	+4,599,300
	27,561,332	27,651,511	27,712,500	842,731	781,742	28,564,100	+851,600
Army - - - - - -	16,329,739	15,745,341	16,300,000	554,659	- - -	15,984,000	—316,000
Public Works Ordinary - -	5,034,566	3,998,400	3,940,600	- -	57,800	2,365,000	—1,575,600
Railways - - - - -	309,712	363,710	222,000	- -	141,710	235,500	+13,500
Guaranteed Interest on Railway Capital, less Net Traffic Receipts.*	1,547,064	1,557,183	1,876,700	319,517	- -	1,856,900	—19,800
	50,782,413	49,316,145	50,051,800	1,716,907	981,252	49,005,500	—1,046,300
Public Works Extraordinary -	2,599,614	3,062,300	1,146,800	- -	1,915,500	3,626,000	+2,479,200
Total - - - £.	53,382,027	52,378,445	51,198,600	1,716,907	2,896,752	52,631,500	+1,432,900
Surplus, excluding Public Works Extraordinary.	118,668	163,440	997,100	- -	- -	93,400	—
*Guaranteed Interest - -	4,176,008	4,405,353	4,407,400	- -	- -	4,638,600	—
Net Traffic Receipts - -	2,628,944	2,848,170	2,530,700	- -	- -	2,781,700	—
Guaranteed Interest, less Net Traffic Receipts.	1,547,064	1,557,183	1,876,700	- -	- -	1,856,900	—

and repairs (excepting in the salt and opium departments), roads (other than military), civil buildings, and miscellaneous public improvements.

Hugh Sandeman,
Officiating Comptroller General.

R. B. Chapman,
Officiating Secretary to the Government of India.

INDIA.—BUDGET ESTIMATE, 1871-72.

Revenues and Receipts.	Actuals, 1869-70.	Budget Estimate, 1870-71.	Regular Estimate, 1870-71.	Increase.	Decrease.	Budget Estimate, 1871-72.	Budget, Compared with Regular.
	£.	£.	£.	£.	£.	£.	£.
I.—Land Revenue - -	21,066,929	20,560,892	20,653,400	92,508	- -	20,709,700	+56,300
II.—Tributes and Contributions from Native States.	765,126	737,073	739,300	2,227	- -	730,100	—9,200
III.—Forest - - - - -	471,590	588,780	459,500	- -	129,280	573,400	+113,900
IV.—Excise on Spirits and Drugs.	2,255,197	2,285,000	2,357,600	72,600	- -	2,351,100	—6,500
V.—Assessed Taxes - -	1,110,224	2,180,000	2,075,000	- -	105,000	600,000	—1,475,000
VI.—Customs - - -	2,429,185	2,416,500	2,558,000	141,500	- -	2,556,800	—1,200
VII.—Salt - - - - -	5,888,707	6,177,370	6,104,500	- -	72,870	6,190,000	+85,500
VIII.—Opium - - - - -	7,951,557	6,922,281	7,996,800	1,074,519	- -	8,038,500	+41,700
IX.—Stamps - - - - -	2,373,844	2,441,508	2,488,900	47,392	- -	2,542,100	+53,200
X.—Mint - - - - -	157,214	139,970	32,300	- -	107,670	40,600	+8,300
XI.—Post Office - - -	711,698	750,590	895,100	144,510	- -	865,600	—29,500
XII.—Telegraph - - -	202,932	163,956	196,200	32,244	- -	213,600	+17,400
XIII.—Law and Justice - -	828,515	793,292	755,400	- -	37,892	466,600	—288,800
Police - - - -	287,549	251,966	252,900	934	- -	- -	—252,900
XIV.—Marine - - - -	329,953	265,615	272,100	6,485	- -	237,900	—34,200
Education - - -	74,873	78,574	62,200	- -	16,374	- -	—62,200
XV.—Interest - - - -	336,376	337,321	302,700	- -	34,621	309,900	+7,200
XVI.—Miscellaneous - -	1,446,998	737,874	948,400	210,526	- -	841,300	—107,100
	48,688,467	47,828,562	49,150,300	1,825,445	503,707	47,267,200	—1,883,100
Army - - - - - -	1,060,423	733,925	854,000	120,075	- -	805,000	—49,000
Public Works Ordinary - -	169,155	117,870	117,600	- -	270	109,900	—7,700
Ditto Irrigation - -	534,979	462,740	473,600	10,860	- -	496,600	+22,700
Railways - - - - -	253,580	277,088	243,700	- -	33,388	257,500	+13,800
Total - - £.	50,706,604	49,420,185	50,839,200	1,956,380	537,365	48,935,900	—1,903,300

Fort William; Financial Department,
9 March 1871.

Edward Gay,
Deputy Comptroller General.

INDIA.—BUDGET ESTIMATE, 1871-72.

Expenditure.	Actuals, 1869-70.	Budget Estimate, 1870-71.	Regular Estimate, 1870-71.	Increase.	Decrease.	Budget Estimate, 1871-72.	Budget, Compared with Regular.
	£.	£.	£.	£.	£.	£.	£.
1.—Interest on Funded and Unfunded Debt.	2,773,414	2,993,700	2,946,300	- -	47,400	2,942,300	—4,000
2.—Ditto Service Funds and other Accounts.	627,267	514,002	545,500	31,498	- -	528,100	—17,400
3.—Refunds and Drawbacks -	465,094	400,000	338,600	- -	61,400	336,000	—2,600
4.—Land Revenue - - -	2,458,389	2,497,612	2,410,100	- -	87,512	2,530,600	+120,500
5.—Forest - - - -	313,477	437,540	386,000	- -	51,540	451,100	+65,100
6.—Excise on Spirits and Drugs	256,528	288,994	273,300	- -	15,694	294,700	+21,400
7.—Assessed Taxes - - -	41,701	59,100	43,700	- -	15,400	43,400	—300
8.—Customs - - - -	181,456	189,214	185,000	- -	4,214	193,400	+8,400
9.—Salt - - - - -	391,485	499,019	416,500	- -	82,519	462,700	+46,200
10.—Opium - - - -	1,820,683	2,013,110	2,065,000	51,890	- -	2,102,900	+37,900
11.—Stamps and Stationery -	139,757	141,464	134,800	- -	6,664	141,200	+6,400
12.—Mint - - - -	88,049	86,499	57,200	- -	20,299	59,400	+2,200
13.—Post Office - - -	649,934	664,886	633,800	- -	31,086	646,600	+12,800
14.—Telegraph - - - -	457,175	356,792	374,600	17,808	- -	351,500	—23,100
15.—Administration - - -	1,187,696	1,198,201	1,155,600	- -	42,601	1,229,800	+74,200
16.—Minor Departments - -	234,680	239,167	218,900	- -	20,267	235,600	+16,700
17.—Law and Justice - -	2,902,926	3,009,432	2,962,400	- -	47,032	2,427,100	—535,300
Police - - - -	2,435,131	2,319,964	2,269,500	- -	59,464	- -	—2,269,500
18.—Marine - - - -	932,460	476,176	422,000	- -	54,176	487,100	+65,100
Education - - -	627,184	680,530	606,200	- -	74,330	- -	—606,200
19.—Ecclesiastical - - -	161,083	169,795	153,600	- -	16,195	164,900	+11,300
20.—Medical - - - -	487,047	503,654	505,200	1,546	- -	170,400	—334,800
Printing - - - -	214,362	222,279	200,500	- -	21,779	- -	—200,500
21.—Political Agencies - -	384,897	278,675	268,000	- -	10,675	262,900	—5,100
22.—Allowances and Assignments under Treaties and Engagements.	1,844,279	1,767,754	1,710,600	- -	57,154	1,701,500	—9,100
23.—Superannuation, Retired, and Compassionate Allowances.	592,752	730,481	678,900	- -	51,581	628,700	—50,200
24.—Miscellaneous - - -	758,106	695,067	1,002,900	307,833	- -	866,300	—136,600
25.—Allotments for Provincial Services.	- -	- -	200,000	200,000	- -	4,799,300	+4,599,300
	23,427,012	23,433,107	23,164,700	610,575	878,982	24,057,500	+892,800
Army - - - - -	12,828,750	12,490,000	12,682,800	192,800	- -	12,410,000	—272,800
Public Works Ordinary - -	4,797,547	3,998,400	3,802,700	- -	195,700	2,320,800	—1,481,900
Railways - - - - -	309,712	363,710	222,000	- -	141,710	235,500	+13,500
	41,363,021	40,285,217	39,872,200	803,375	1,216,392	39,023,800	—848,400
Public Works Extraordinary -	1,427,992	3,062,300	1,095,000	- -	1,967,300	3,236,500	+2,141,500
Total - - - £.	42,791,013	43,347,517	40,967,200	803,375	3,183,692	42,260,300	+1,293,100

Hugh Sandeman,
Officiating Comptroller General.

R. B. Chapman,
Officiating Secretary to the Government of India.

ENGLAND.—BUDGET ESTIMATE, 1871-72.

REVENUES AND RECEIPTS.	Actuals, 1869-70.	Budget Estimate, 1870-71.	Regular Estimate, 1870-71.	Increase.	Decrease.	Budget Estimate, 1871-72.	Budget Compared with Regular.
	£.	£.	£.	£.	£.	£.	£.
XII.—Telegraph - - -	54,202	29,100	30,000	900	–	32,000	+ 2,000
XV.—Interest - - -	39,322	28,000	52,000	24,000	–	30,000	—22,000
XVI.—Miscellaneous - - -	78,771	- -	78,700	78,700	–	87,000	+ 8,300
TOTAL - - - £.	172,295	57,100	160,700	103,600	–	149,000	—11,700
Army - - - - - -	22,182	2,300	49,000	46,700	–	14,000	—35,000
TOTAL - - - £.	194,477	59,400	209,700	150,300	–	163,000	—46,700

EXPENDITURE.	Actuals, 1869-70.	Budget Estimate, 1870-71.	Regular Estimate, 1870-71.	Increase.	Decrease.	Budget Estimate, 1871-72.	Budget Compared with Regular.
	£.	£.	£.	£.	£.	£.	£
1.—Interest on Funded and Unfunded Debt.	2,299,006	2,306,838	2,349,500	42,662	–	2,429,700	+ 80,200
11.—Stamps and Stationery -	134,403	103,976	109,100	5,124	–	114,300	+ 5,200
12.—Mint - - - -	13,015	9,409	9,400	–	9	12,300	+ 2,900
13.—Post Office - - -	38,549	64,697	141,700	77,003	–	108,500	— 33,200
14.—Telegraph - - - -	96,226	232,927	162,500	–	70,427	164,000	+ 1,500
15.—Administration - - -	202,179	202,400	207,400	5,000	–	207,400	—
18.—Marine - - - - -	359,111	307,924	311,700	3,776	–	290,700	— 21,000
21.—Political Agencies - -	21,000	35,000	60,000	25,000	–	37,000	— 23,000
22.—Allowances and Assignments under Treaties and Engagements.	19,336	19,336	19,300	–	36	19,300	—
23.—Superannuation, Retired, and Compassionate Allowances.	739,763	645,772	780,000	134,228	–	797,000	+ 17,000
24.—Miscellaneous - - -	301,732	290,125	397,200	107,075	–	326,400	— 70,800
TOTAL - - - £.	4,134,320	4,218,404	4,547,800	399,868	70,472	4,506,600	— 41,200
Army - - - - - -	3,500,989	3,255,341	3,617,200	361,859	–	3,574,000	— 43,200
Public Works Ordinary - -	237,019	- -	137,900	137,900	– -	44,200	— 93,700
	7,872,328	7,473,745	8,302,900	899,627	70,472	8,124,800	—178,100
Public Works Extraordinary -	1,171,622	- -	51,800	51,800	–	389,500	+337,700
TOTAL - - - £.	9,043,950	7,473,745	8,354,700	951,427	70,472	8,514,300	+159,600

Fort William, Financial Department,
9 March 1871.

Edward Gay,
Deputy Comptroller General.

Hugh Sandeman,
Officiating Comptroller General.

R. B. Chapman,
Officiating Secretary to the Government of India.

RECEIPTS and DISBURSEMENTS in *England* and *India* during the Year 1869-70.

RECEIPTS.	England.	India.	TOTAL.	PAYMENTS.	England.	India.	TOTAL.
	£.	£.	£.		£.	£.	£.
1.—Opening Balance	3,025,981	10,175,804	13,201,785	12.—Ordinary Expenditure	7,872,328	41,363,021	49,235,349
2.—Ordinary Income	194,477	50,706,604	50,901,081	13.—Guaranteed Interest on Railway Capital	4,138,150	37,858	4,176,008
3.—Railway Traffic Receipts	10,244	2,618,700	2,628,944	14.—Extraordinary Expenditure	1,171,622	1,427,992	2,599,614
4.—Deposits repayable and Advances recovered, &c.	- -	16,488,803	16,488,803	15.—Deposits repaid and Advances Recoverable, &c.	- -	17,251,966	17,251,966
5.—Local Remittances	- -	724,738	724,738	16.—Local Remittances	- -	614,652	614,652
6.—Inter-provincial and Inter-departmental Transactions.	- -	13,636,905	13,636,905	17.—Inter-provincial and Inter-departmental Transactions.	- -	13,999,488	13,999,488
7.—Remittance Account	213,145	1,900,541	2,113,686	18.—Remittance Account	1,127,899	838,351	1,966,250
8.—Abyssinian Expedition	1,400,867	181,886	1,582,753	19.—Abyssinian Expedition	46,743	986,215	1,032,958
9.—Bills of Exchange	6,980,122	73,822	7,053,944	20.—Bills of Exchange	- -	5,701,081	5,701,081
10—Railway Capital	4,783,554	26,381	4,809,935	21.—Railway Capital	2,897,278	2,472,860	5,370,138
11.—Borrowed	4,039,413	3,947,890	7,987,303	22.—Debt Paid	501,300	1,848,139	2,349,439
				23.—Closing Balance	2,892,483	13,940,451	16,832,934
TOTAL - - - £.	20,647,803	100,482,074	121,129,877	TOTAL - - - £.	20,647,803	100,482,074	121,129,877

ABSTRACT of the above, showing how the Ways and Means of the Year have been provided.

	£.		£.
Surplus in Ordinary Account, including Railway Transactions	118,668	Cash Balance Increased	3,631,149
Local Remittances	110,086	Extraordinary Expenditure	2,599,614
Bills of Exchange	1,352,863	Deposits repayable and Advances recovered	763,163
Remittances	147,436	Inter-provincial and Inter-departmental Transactions	362,583
Abyssinian Expedition Advances Recovered	549,795	Railway Capital Expenditure in Excess of Receipts	560,203
Borrowed	5,637,864		
TOTAL - - - £.	7,916,712	TOTAL - - - £.	7,916,712

Fort William, Financial Department, 9 March 1871.

Edward Gay, Deputy Comptroller General.

Hugh Sandeman, Officiating Comptroller General.

R. B. Chapman, Officiating Secretary to the Government of India.

Estimated Receipts and Disbursements in *England* and *India* during the Year 1870-71.

Receipts.	England.	India.	Total.	Payments.	England.	India.	Total.
	£.	£.	£.		£.	£.	£.
1.—Opening Balance	2,892,483	13,940,451	16,832,934	11.—Ordinary Expenditure	8,302,900	39,872,200	48,175,100
2.—Ordinary Income	209,700	50,839,200	51,048,900	12.—Guaranteed Interest on Railway Capital	4,370,000	37,400	4,407,400
3.—Railway Traffic Receipts	- -	*6,008,200	6,008,200	13.—Extraordinary Expenditure	51,800	1,095,000	1,146,800
4.—Deposits Repayable and Advances Recovered, &c.	- -	13,833,300	13,833,300	14.—Railway Working Expenses and Surplus Profits paid to Railway Companies.	- -	†3,477,500	3,477,500
				15.—Deposits repaid and Advances Recoverable, &c.	- -	15,526,400	15,526,400
5.—Local Remittances	- -	701,000	701,000	16.—Local Remittances	- -	631,000	631,000
6.—Remittance Account	129,000	1,458,500	1,587,500	17.—Remittance Account	1,087,800	282,600	1,370,400
7.—Abyssinian Expedition	134,800	10,000	144,800	18.—Abyssinian Expedition	800	12,500	13,300
8.—Bills of Exchange and Specie Remittances	9,000,000	- -	9,000,000	19.—Bills of Exchange and Specie Remittances	- -	9,525,000	9,525,000
9.—Railway Capital	6,832,000	- -	6,832,000	20.—Railway Capital	5,385,000	1,467,600	6,852,600
10.—Borrowed	2,010,600	4,060,100	6,070,700	21.—Debt paid	- -	2,911,500	2,911,500
				22.—Closing Balance	2,010,283	16,012,051	18,022,334
Total £.	21,208,583	90,850,751	112,059,334	Total £.	21,208,583	90,850,751	112,059,334

* Exclusive of Gain by Exchange 543,600 *l.*

† Exclusive of Loss by Exchange 311,000 *l.*

Abstract of the above; showing how the Ways and Means of the Year are estimated to be provided.

	£.		£.
Surplus in Ordinary Account, including Railway Transactions	997,100	Cash Balance increased	1,189,400
Local Remittances	70,000	Extraordinary Expenditure	1,146,800
Remittances	217,100	Bills of Exchange	525,000
Abyssinian Expedition Advances Recovered	131,500	Deposits repayable and Advances recovered	1,693,100
Borrowed	3,159,200	Railway Capital Expenditure in excess of Receipts	20,600
Total £.	4,574,900	Total £.	4,574,900

Fort William, Financial Department, 9 March 1871.

Edward Gay, Deputy Comptroller General.

Hugh Sandeman, Officiating Comptroller General.

R. B. Chapman, Officiating Secretary to the Government of India.

Estimated Receipts and Disbursements in England and India during the Year 1871-72.

Receipts.	England.	India.	Total.	Payments.	England.	India.	Total.
	£.	£.	£.		£.	£.	£.
1. Opening Balance	2,010,283	16,012,051	18,022,334	11. Ordinary Expenditure	8,124,800	39,023,800	47,148,600
2. Ordinary Income	163,000	48,935,900	49,098,900	12. Guaranteed Interest on Railway Capital	4,600,000	38,600	4,638,600
3. Railway Traffic Receipts	- -	*6,428,900	6,428,900	13. Extraordinary Expenditure	389,500	3,236,500	3,626,000
4. Deposits repayable and Advances recovered, &c.	- -	17,876,300	17,876,300	14. Railway Working Expenses and Surplus Profits paid to Railway Companies.	- -	†3,647,200	3,647,200
5. Local Remittances	- -	134,600	134,600	15. Deposits repaid and Advances recoverable, &c.	- -	18,327,900	18,327,900
6. Remittance Account	74,000	1,411,300	1,485,300	16. Local Remittances	- -	162,100	162,100
7. Abyssinian Expedition	5,000	5,000	10,000	17. Remittance Account	1,194,700	272,200	1,466,900
8. Bills of Exchange	9,000,000	- -	9,000,000	18. Bills of Exchange	- -	9,000,000	9,000,000
9. Railway Capital	4,672,000	- -	4,672,000	19. Railway Capital	1,985,000	1,834,700	3,819,700
10. Borrowed	2,500,000	1,067,000	3,567,000	20. Debt paid	5,000	1,206,800	1,211,800
				21. Closing Balance	2,125,283	15,121,251	17,246,534
Total £.	18,424,283	91,871,051	110,295,334	Total £.	18,424,283	91,871,051	110,295,334

* Exclusive of Gain by Exchange 577,100 *l.*

† Exclusive of Loss by Exchange 327,100 *l.*

Abstract of the above, showing how the Ways and Means of the Year are estimated to be provided.

	£.		£.
Surplus in Ordinary Account, including Railway Transactions	93,400	Extraordinary Expenditure	3,626,000
Cash Balance reduced	775,800	Deposits repayable and Advances recovered	451,600
Remittances	18,400	Local Remittances	27,500
Abyssinian Expedition Advances recovered	10,000		
Railway Capital Receipts in excess of Expenditure	852,300		
Borrowed	2,355,200		
Total £.	4,105,100	Total £.	4,105,100

Fort William, Financial Department, 9 March 1871.

Edward Gay, Deputy Comptroller General.

Hugh Sandeman, Officiating Comptroller General.

R. B. Chapman, Officiating Secretary to the Government of India.

(A.)

STATEMENT of Special Loans to Municipalities, &c., during 1869-70.

	Amount of Loans Sanctioned.	Rate of Interest.	Date of Orders authorising the Loans.	Balance from last Year.	Amount Advanced.	Total.	Amount Repaid.	Balance.	Amount of Interest Received or Credited to Revenue.	Balance of Interest Unpaid.
1869-70:	*Rs. a. p.*			*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
Port Canning Municipality (for improvement of port).	4,50,000 - -	Nil for five years.	Financial Department, Government of India, 16th March 1866, No. 1251.	4,50,000 - -	- - -	4,50,000 - -	(*b*)2,25,000 - -	2,25,000 - -	—	
Calcutta Municipality (for water supply).	52,00,000 - -	(*a*) 4	Financial Department, Government of India, 28th February 1867, No. 1171.	42,00,000 - -	9,50,000 - -	51,50,000 - -	- - -	51,50,000 - -	1,82,621 14 8	
Kurrachee Municipality (for water supply).	6,30,000 - -	(*a*) 4	Financial Department, Government of India, 25th March 1869, No. 1519.	- - -	- - -	- - -	- - -	- - -	—	
Bombay Municipality (for payment of existing debts, repayable by instalments in 10 years).	15,00,000 - -	5	Financial Department, Government of India, 31st March 1869, No. 1907.	2,42,501 10 -	12,57,498 6 -	15,00,000 - -	66,108 8 3	14,33,891 7 9	61,891 7 9	
Madras Local Funds (for completion of East Coast Canals, at least 5,000 rupees to be repaid half-yearly).	2,00,000 - -	5	Financial Department, Government of India, 5th July 1869, No. 1753.	- - -	35,154 10 11	35,154 10 11	10,000 - -	25,154 10 11	968 - 1	
Madras Municipality (for water supply).	12,80,000 - -	(*a*) 4	Financial Department, Government of India, 27th February 1869, No, 1219, and 8th July 1869, No. 1862.	- - -	50,000 - -	50,000 - -	- - -	50,000 - -	1,000 - -	
Back Bay Reclamation Company	- - -	8	- - - - - - -	6,19,283 8 3	- - -	6,19,283 8 3	6,19,283 8 3	- - -	1,14,225 14 7	
Elphinstone Land and Press Company.	- - -	5	Bombay Government Resolution, No. 62, C. W. 222, dated 29th January 1868, Public Works Department.	10,00,000 - -	24,779 2 4	10,24,779 2 4	- - -	10,24,779 2 4	—	(*c*)
Bombay Municipality (for Vehar Waterworks).	- - -	4	Bombay Acts XIII. of 1863 and II. of 1865, and Bombay Government Resolution, No. 1389, dated 27th July 1865.	37,91,175 - 4	- - -	37,91,175 - 4	11,248 - -	37,79,927 - 4	1,51,591 13 4	
Bombay Municipality (for Elphinstone Circle Debt).	- - -	nil	Bombay Government - -	1,22,724 - -	- - -	1,22,724 - -	92,800 - -	29,924 - -	—	
Calcutta Port Fund - - -	18,25,000 - -	4½	Financial Department, Government of India, 30th April 1870, No. 200.	- - -	12,55,000 - -	12,55,000 - -	- - -	12,55,000 - -	nil.	
Ajmere - - - - - -	- - -	- -	- - - - - -	- - -	2,564 - -	2,564 - -	2,564 - -	- - -	nil.	
Kumaon (May 1868), (Nyneetal)	- - -	- -	North West Provinces Government Order of 5th May 1868, No. 2078.	- - -	(*d*) 4,000 - -	4,000 - -	- - -	4,000 - -	nil.	
Ootacamund Municipality - -	20,000 - -	5	Madras Government Order of 11th August 1869, No. 1112, Public Department.	- - -	11,006 12 8	11,006 12 8	- - -	11,006 12 8	—	
			Total - - - *Rs.*	1,04,25,684 2 7	35,90,002 15 11	1,40,15,687 2 6	10,27,004 - 6	1,29,88,683 2 -	5,12,299 2 5	

(*a*) Two per cent. additional appropriated to form a sinking fund. (*b*) Written off to 26, Miscellaneous. (*c*) Interest from 1st July 1869 to 30th April 1870, amounting to *Rs.* 41,666. 10. 8 credited to revenue in 1870-71.
(*d*) Advanced in 1868-69.

Note.—Umritsur Municipality having overdrawn its account with Government, an application for a formal loan has been submitted; but no orders of Government thereon have been received in the Office of Accountant General, Lahore.

Calcutta, Comptroller General's Office, Central Accounts Branch, 24 February 1871.

E. F. Harrison,
Comptroller General.

(B.)

SINKING FUNDS for REDEMPTION of LOANS during 1869-70.

	Balance.		Receipts.		Total.		Payments.		Balance.	
	Government Securities.	Cash.	Government Securities.	Cash.	Government Securities.	Cash.	Government Securities.	Cash.	Government Securities.	Cash.
1869-70.	*Rs.*	*Rs. a. p.*	*Rs.*	*Rs. a. p.*	*Rs.*	*Rs. a. p.*	*Rs.*	*Rs. a. p.*	*Rs.*	*Rs. a. p.*
Calcutta Municipality (for Water Supply).	54,800	895 2 4	84,000	96,471 3 1	1,38,800	97,366 5 5	- -	97,276 3 3	1,38,800	90 2 2
Madras Municipality (for Water Supply).	- -	- -	500	500 - -	500	500 - -	- -	479 4 11	500	20 11 1

Calcutta, Comptroller General's Office, Central Accounts Branch, 24 February 1871.

E. F. Harrison, Comptroller General.

ACCOUNT of MONEY Raised on LOAN in 1869-70 for REPRODUCTIVE WORKS, and of EXTRAORDINARY EXPENDITURE.

	£.	£.
Loans Raised:		
Proceeds of 4 per Cent. Stock for *Rs.* 2,43,15,500	2,203,587	
Less Debentures repaid, &c. - - -	13,206	
		2,190,381
England:		
Proceeds of 4 per Cent. Stock - £. 4,039,412		
Debt paid - - - - - - 501,300		
	3,538,112	
		3,538,112
Extraordinary Receipts:		
Bombay Special Fund - - - -	28,150	
Bombay Municipality - - - - -	6,611	
Vehar Water Works - - - - -	1,125	
Madras East Coast Canal - - - -	1,000	
		36,886
TOTAL - - £.		5,765,379

	£.	£.
Extraordinary Expenditure:		
Irrigation Works { India - - - -	914,952	
Irrigation Works { England - - - -	1,092,409	
	2,007,361	
Bombay Special Fund - - - -	401,383	
State Railways { India - - £. 1,11,657		
State Railways { England - 79,213		
	190,870	
		2,599,614
Loans:		
To Calcutta Municipality for Water Supply:		
1867-68 - - - - - -	210,000	
1868-69 - - - - - -	210,000	
1869-70 - - - - - -	95,000	
	515,000	
Calcutta Port Fund - - - - -	125,500	
Calcutta Port Trust - - - - -	42,039	
Ootacamund Municipality - - -	1,101	
East Coast Canal, Madras - - -	3,515	
Madras Municipality - - - -	5,000	
Bombay Municipality { 1868-69 - £. 24,250		
Bombay Municipality { 1869-70 - 125,750		
	150,000	
Elphinstone Land and Press Company -	2,478	
		844,633
Balance carried to Account for 1870-71 - -		2,321,132
TOTAL - - £.		5,765,379

Calcutta, Comptroller General's Office, 24 February 1871.

E. F. Harrison, Comptroller General.

ESTIMATE.

ACCOUNT of MONEY Raised on LOAN in 1870–71 for REPRODUCTIVE WORKS, and of EXTRAORDINARY EXPENDITURE.

	£.	£.		£.	£.
Balance brought forward - - -	- -	2,321,132	Extraordinary Expenditure:		
			Irrigation Works, India - - - -	808,000	
Loans Raised:			England - - - -	1,300	
				809,300	
England—				£.	
Proceeds of 4 per Cent. Stock - 2,010,606			State Railways, India - - - 300,000		
India Loan from the Maharajah Holkar for a State Railway - 250,000			England - - 73,500		
				373,500	
2,260,606					1,182,800
Deduct—			Loans:		
Debt paid in India - - 510,000			To Calcutta Port Trust - - - -	28,000	
	- -	1,750,606	Simla Municipality - - - - -	5,000	
			Umritsur Municipality - - - -	22,500	
			Bombay Port Fund - - - - -	170,100	
Extraordinary Receipts:			Cawnpore Municipality - - - -	20,000	
Bombay Municipality - - - - -	14,800		Nagpore Municipality - - - -	6,000	
Madras East Coast Canals - - - -	1,000		Madras Municipality - - - - -	58,500	
Ootacamund Municipality - - - -	300		East Coast Canals, Madras - - - -	2,600	
			Ootacamund Municipality - - - -	900	
		16,100			313,600
					1,496,400
			Probable Balance to be carried to Account for 1871-72 - -		2,591,438
TOTAL - - £.		4,087,838	TOTAL - - £.		4,087,838

Calcutta, Comptroller General's Office,
24 February 1871.

E. F. Harrison,
Comptroller General.

Appendix, No. 4.

PAPER furnished by Sir *H. Bartle Edward Frere*, and referred to in his Evidence, 28 March 1871 (Question 448). Appendix, No. 4.

MEMORANDUM ON PRICES IN WESTERN INDIA.

(Information called for in Question 448.)

In July 1863 the Government of Bombay appointed the two Revenue Commissioners, Messrs. Hart and Ellis, and Lieutenant Colonel Dunsterville, the Commissary General of the Bombay Army, a Commission to inquire into the changes which had taken place during the preceding 40 years in the money prices of the principal articles of consumption, in the wages of skilled and unskilled labour, and in house rents at the principal military stations in Western India. Commission to inquire into prices, appointed 1863.

The Commission was to inquire into the apparent causes of any changes of price, whether temporary or permanent, and the general effects of the change, and how far Government had any power to remedy such effects as might seem likely to cause permanent injury to any class or interest.

The Commission reported in March 1864. They sent in elaborate tables of the prices during 40 years of the principal articles of consumption and clothing, wages, house rent, &c., in each of the various provinces of the Bombay Presidency. Report.

They reported that prices had been rising without intermission for several years; that the rise was not confined to any one class of articles; *e.g.*, comparing prices in 1829 and 1863, and in the three principal provinces of Western India, they found that,— Progressive rise in prices for many years.

	In Guzerat.	In the Deccan.	In the Southern Maharatta Country.
Ghee (clarified butter) cost more in 1863 than in 1829, by - - - - - - per cent.	93	147	165
Milk ditto - - - - - - - „	115	30	200
Sweet oil ditto - - - - - - „	76	119	122
Coarse cloth, such as is used by the poorer classes, ditto - - - - „	167	167	400

The Commission stated that Colonel Baird Smith had, in his report on the famine in the North Western Provinces, given as the highest prices of wheat in those provinces in the famine year of 1837–38, 11½ to 12½ seers the rupee, and in the famine year of 1860–61 7½ to 8½ seers. But the Commission ascertained that in 1863 the prices of wheat in Guzerat had ranged from only 6⅝ to 8⅛ seers per rupee, according to quality, while in the Southern Mahratta country the price had ranged from 6⅓ to 7¼ seers. In some cases, *e. g.* wheat, to famine pitch.

With regard to the causes of the increase in prices, the Commission reported them to be:— Causes of rise in prices.

1. Large importations of silver, and consequent fall in the comparative value of money.
2. Greater demand for all articles of consumption, owing to increased means.
3. Less production of cereals, the price of which especially affects the wages of labour.
4. The greater distance whence supplies of grain have to be drawn.
5. Competition for labour, owing to railways and other great public and private works.
6. Rise of prices on the plea of increased taxation.
7. Prohibition of export of grain from some foreign states.
8. Hoarding of grain by producers who had become independent of the market.

But of all these causes the Commission considered the first (*i.e.*, the influx of silver) the principal one, and the most general in its effects, and that in fact all the other causes emanated from it.

Appendix, No. 4.

Rise in prices likely to be permanent.

With regard to the permanent or temporary character of such causes, the Com nission did not anticip ite any material fall as likely to occur unless any extensive export of silver should occur, which they did not anticipate; they deemed it more probable that prices would continue to rise.

Effects of rise in prices.

As to the effects of the rise in prices, the Commission reported that it had given an impetus to all commerce and industry, and had increased the prosperity of all classes, except,—

Generally beneficial, except as regards three classes.

1. Persons with fixed incomes.
2. Persons without produce or labour to dispose of.
3. Petty manufacturers deprived by dearness of material of means of working.

Inability of Government to afford relief.

Except in the case of the poorer Government servants.

The Commission were of opinion that Government could afford no relief to any of these classes, except in the case of Government servants. They recommend a revision of official salaries, especially in the lower grades, where, but for some partial and temporary additions in the case of salaries under 20 *l.* per annum, it would, they stated, have been impossible to carry on the public service. They represented as specially calling for relief the case of warrant and petty officers, and of the subaltern officers of the army.

Special facts noted by the Commission.

The following are among the noteworthy facts established by the labours of the Commission:—

Nature of the returns sent in by the Commission.

Relating to prices for 40 years, from 1829 to 1864.

The Commission forwarded returns compiled from the very voluminous statements sent in by the local officers, showing the maximum and minimum prices of articles of consumption, wages, clothing, house rents, &c., in each province of Western India, for 40 years. The prices taken were generally the average of the official returns for 12 months for each year, in each province. Sometimes these averages were given for single typical years, as 1824, 1829, 1863. But for the 30 years, 1830 to 1860, the prices were further grouped in averages of 10 years, 1830–9, 1840–9, 1850–9. It is impossible to summarise returns of this kind. They form, by far, the most complete and carefully arranged record of prices which exists in India.

Extracts from the returns.

The following extracts will give a general idea of the results deducible from them as regards the articles of more common use, by both natives and Europeans.

The figures in the following Table show the weight of each article procurable in tolas (each of 180 grains troy), for one rupee (2 *s.*).

The provinces specified are:—

Guzerat, including the Collectorates of - -	Ahmedabad, Kaira Surat.
Deccan, ditto - - ditto - - - -	Khandeish. Ahmednuggur. Poona. Shoalpoor, and Sattara.
S. Maharatta Country, ditto - ditto - -	Belgaum, and Dharwar.
Concan, ditto - - ditto - - - -	Rutnagherry, and Tanna.
Island of Bombay.	
Sind, ditto - - - ditto - - - -	Kurrachee, Hyderabad, Shikarpoor.

The returns for Sind go no further back than 1843.

Food.

NAME OF ARTICLE.	Highest Average Price of the Year, and Place Specified.			Lowest Average Price of the Year, and Place Specified.		
	Tolas Per Rupee.	Province.	Year.	Tolas Per Rupee.	Province.	Year.
Iowaree, a kind of millet, a common food of the poorer classes of natives.	573	S. Maharatta Country.	1863	4,992	S. Maharatta Country.	1829
Wheat, the best sort used by the natives and Europeans	533	Guzerat	,,	4,814	,,	,,
Rice, the second sort, used by the natives and Europeans	562	S. Maharatta Country.	,,	2,985	,,	,,
Gram, a kind of vetch, the ordinary food for horses	536	,,	,,	3,423	,,	,,
Toor-dhall, a kind of pulse, much used by all classes of natives.	474	,,		2,888	,,	,,
Ghee, clarified butter, ditto ditto, pulse, ghee, and milk take the place of meat in the diet of many classes of natives.	83	Guzerat and Concan.		2,079 (27,?) 215	Sind S. Maharatta Country.	1843 1829
Milk	426	Bombay	,,	2,892	Sind	1843–9
Sweet oil	160	Sind	,,	698 (?)1,410	Deccan ,,	1829 1563
Coarse sugar (Goor, the sugar before the molasses are separated, seems to have been generally about half the price of coarse sugar.)	160	S. Maharatta Country.	,,	659	Sind	1843–9
Salt, price locally affected by taxation	507	,,	,,	22,400	,,	1843–9
Mutton, used by natives and Europeans	160	,,	,,	861	Bombay	1840–9
Beef, used only by Europeans, Madomedans, and a few of the lower classes of Hindoos	(?)53 274	Concan Guzerat	,, ,,	1,260	S. Maharatta Country.	1829
Tobacco, price locally affected by taxation	138	Bombay	1860–3	839	Sind	1850–9
Of the following articles, the quantity in the 2nd column shows the weight in pounds (avordupois) procurable for a rupee (2 *s.*) :—	*Lbs.*			*Lbs.*		
Wheaten bread, first sorts, per rupee	5	S. Maharatta Country.	1863	17	S. Maharatta Country.	1829
Cotton	1	Deccan	,,	20	Sind	1830–9
Hay	(?)8 56	Concan S. Maharatta Country.	1850–9 1863	489	,,	1843–9
Of the following articles, the 2nd column shows the number of each article procurable for a rupee (2 *s.*) :—	*No.*			*No.*		
Fowls	1	Guzerat	,,	15	S. Maharatta Country.	1829
Yards of coarse dungaree (native cotton cloth)	2	S. Maharatta Country.	,,	16	Sind	1843–9

General results deduced from the returns.

It appears from the Tables whence these examples are taken that prices had been generally falling from 1824 to 1829, and were about that time at their lowest in most parts of Western India.

That they were almost everywhere higher in 1863 than at any period during the series of years referred to.

That the greatest variations took place where the means of intercommunication were most defective.

That the greatest changes (except in the case of articles like milk, difficult of transport for long distances) and the highest prices were rarely in Bombay itself, which draws its supplies by railway and sea from an exceptionally large area.

These results are still more clearly seen by comparing the average prices of a single article of general consumption throughout the series of years, and in several provinces For example, wheat, the figures in the following Table show the highest and lowest average number of tolas (of 180 grains troy), procurable for a rupee (2 *s.*) in each year, and place specified. The returns for each place generally show a range of price, at the same time and place, according to quality, varying from 5 to 10 per cent.

Appendix, No. 4.

WHEAT.

Province.	Averages of 1824–29.		For 1829.		Averages of 1830–39.		Averages of 1840–49.		Averages of 1850–59.		Averages of 1860–63.		For 1863.	
	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.
Guzerat -	2,163	1,648	2,433	1,973	2,038	1,692	2,139	1,711	2,213	1,690	1,304	984	773	533
Maharatta Country.	4,427	3,074	6,006	4,383	3,073	2,255	4,247	3,269	3,844	3,230	2,149	1,302	1,662	541
Bombay -	-	-	No returns	-	1,335	1,284	1,556	1,245	1,393	1,137	988	860	995	736

Manufactured articles.

In some respects a better criterion of prices is to be found by comparing the prices of manufactured articles of very common use, or the rates of wages of artisans and labourers. Thus it appears from the Commissioner's Tables that the price of a coarse black woollen blanket (camblie), commonly used by the lower classes, as a cloak and sleeping-rug, varied in Bombay from 10½ *d.* in 1850–9, to 1 *s.* 6 *d.* in 1863, while in the Southern Maharatta country the price of the same kind of blanket varied from 15 *d.* in 1829 to 10 *s.* in 1863. A common cotton dress for a native woman (saree) varied from 15 *d.* in Guzerat in 1829, to from 4 *s.* 6 *d.* to 8 *s.* in 1863, and to 16 *s.* in Sind; while in the same year in Bombay, the highest price was 2 *s.* 3 *d.*

The price of common native shoes varied in Guzerat from 15 *d.* in 1829 to 2 *s.* 4½ *d.*, after which they declined to less than 2 *s.* In the Southern Maharatta Country they were in 1824–9 procurable for 7½ *d.*, after which they rose to 1 *s.* 6 *d.* and 2 *s.* In the Deccan and Sind they were somewhat dearer in 1863.

Wages.

The following Table shows the variations in the average monthly wages of a carpenter:—

	Average of 1824 to 1829.		1829.		Average for 1830–39.		Average for 1840–49.		Average for 1850–59.		Average for 1860–63.		For 1863.	
	s. *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
Guzerat -	21 3	10 3	21 3	10 3	23 3	22 10	23 1½	18 3	24 –	20 –	30 –	29 6	30 7½	30 –
S. Maharatta Country.	22 6	15 –	22 6	15 –	22 6	15 –	22 10	15 –	26 –	20 –	45 –	37 –	60 –	40 –
Bombay -	-	-	No return	-	30 4	–	28 10	25 6	32 7½	29 9	49 8½	46 6	58 –	54 3½

Masons seem generally to have been paid about the same rates, and their wages rose in nearly the same ratio. The same was the case with the wages of tailors and washermen, who were usually paid at about the same rates, approximating to three-fifths of the wages of a carpenter or mason.

The following Table shows the variations in the average monthly wages of a coolie or common day labourer:—

	1824–29.		1829.		1830–39.		1840–49.		1850–59.		1860–63.		1863.	
	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.	Max.	Min.
	s. *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*	*s.* *d.*
Guzerat -	10 –	9 –	9 7½	9 1½	10 –	8 6	9 10½	9 3	10 6	9 9	15 –	13 –	17 7½	15 –
S. Maharatta Country.	7 6	3 9	7 6	3 9	7 6	3 9	7 6	4 4½	8 9	5 7½	15 10½	11 3	30 –	22 6
Bombay -	-	-	No return	-	14 9½	11 3½	12 3½	11 10½	14 2	–	19 4½	15 6	27 –	15 6

The rates of wages in the Deccan were generally 8 to 10 per cent. lower than in Guzerat.

Prices in large towns.

The prices in large towns, and especially in military stations, differed considerably from the prices prevailing in rural districts; the following Table is taken from returns intended to illustrate the fluctuations of prices which specially affected the lower paid classes of Europeans:—

STATEMENT showing the Prices of certain Necessaries of Life in Four Chief Towns of the Bombay Presidency, during the Years A.D. 1824 to 1863.

YEARS.	WHEAT. Tolas per 1 Rupee.				JOWAREE. Tolas per 1 Rupee.				RICE. Tolas per 1 Rupee.				FIREWOOD. Lbs. avoird. per 1 Rupee.			
	Bombay.*	Poona.	Belgaum.	Ahmedabad.	Bombay.*	Poona.	Belgaum.	Ahmedabad.	Bombay.*	Poona.	Belgaum.	Ahmedabad.	Bombay.*	Poona.	Belgaum.	Ahmedabad.
1824	–	1,144	2,200	1,040	Jowaree not being a staple article of food in the Konean, a return is not given.	1,892	2,480	2,560	–	910	1,500	1,200	–	340	–	–
1825	–	1,144	2,400	1,280		1,548	2,600	1,840	–	728	1,540	800	–	228	–	–
1826	–	2,112	1,920	1,600		3,040	2,200	3,240	–	1,092	1,480	960	–	266	–	–
1827	–	1,584	2,240	1,840		3,268	2,800	3,600	–	1,092	1,760	1,040	–	290	–	–
1828	–	1,584	2,300	2,580		2,752	2,640	4,000	–	1,092	1,900	1,200	–	266	–	–
1829	–	1,584	3,680	2,200		3,440	4,200	4,800	–	1,183	1,840	1,520	–	266	–	–
1830	–	1,760	2,320	2,200		2,752	3,280	4,800	–	1,092	2,600	1,520	–	320	–	–
1831	–	1,760	3,120	2,580		2,752	3,680	4,560	–	1,092	2,600	1,200	–	320	–	–
1832	–	1,760	3,200	2,640		2,752	4,200	4,560	–	1,092	2,100	1,120	–	320	–	–
1833	–	1,320	1,160	1,800		2,064	1,920	3,480	–	1,092	1,040	800	–	320	–	400
1834	–	1,584	2,000	1,000		3,440	4,000	1,560	–	1,184	1,440	800	–	320	–	–
1835	–	1,672	2,160	1,440		2,408	3,300	2,060	–	1,365	1,000	1,080	–	266	–	–
1836	1,499	1,848	2,720	1,720		2,408	3,280	2,090	1,512	1,274	1,200	960	–	320	–	–
1837	1,582	1,936	2,760	1,600		2,924	2,720	2,320	1,591	1,365	1,040	1,080	–	355	–	–
1838	1,675	2,024	2,880	1,760		3,268	2,880	2,400	1,440	1,274	1,100	800	–	355	–	–
1839	1,424	1,408	2,240	1,280		3,096	2,880	2,240	1,591	1,046	1,300	880	–	320	1,040	–
1840	1,899	1,760	3,000	1,760		3,268	3,000	2,480	1,680	1,001	1,360	920	200	356	832	–
1841	1,675	1,760	1,760	1,480		3,268	3,760	3,000	1,591	1,001	1,400	1,200	–	340	884	–
1842	1,780	1,760	3,200	2,160		3,440	4,000	3,360	1,890	1,092	1,700	1,080	264	355	884	–
1843	1,780	2,112	3,000	2,802		4,128	3,700	4,080	1,440	1,183	1,920	1,480	200	340	702	400
1844	1,780	2,024	3,100	2,480		3,268	3,809	3,440	1,779	1,183	2,000	1,320	264	320	702	360
1845	1,964	1,936	2,900	2,160		2,150	3,400	3,200	1,512	1,365	1,800	1,440	264	336	702	400
1846	1,095	968	2,200	1,800		2,064	4,600	2,480	1,440	1,092	1,500	1,080	–	320	1,040	400
1847	–	1,584	2,800	1,640		4,472	3,200	2,800	1,680	1,274	1,600	1,040	264	380	695	400
1848	1,899	3,344	2,800	1,900		5,332	3,300	3,360	1,440	1,183	1,700	1,040	160	380	702	440
1849	1,424	2,640	3,840	2,080		7,160	4,560	2,200	1,680	1,183	2,200	960	160	380	832	480
1850	–	2,464	3,520	1,940		3,056	4,240	3,520	–	1,274	2,240	920	–	320	832	400
1851	1,424	2,376	4,240	2,560		3,440	4,560	4,320	1,315	1,183	2,260	1,040	–	320	1,040	400
1852	1,460	2,464	3,600	2,040		3,440	3,280	2,800	1,374	1,274	1,920	1,080	–	340	1,040	360
1853	1,678	2,464	3,520	2,040		4,128	3,200	2,800	1,512	1,183	1,760	1,080	–	340	832	360
1854	1,282	2,288	3,440	1,680		2,504	3,040	3,400	1,315	1,183	1,760	1,120	–	340	832	400
1855	1,294	2,112	2,220	2,220		2,432	2,540	4,520	1,186	1,365	1,480	1,046	–	400	832	400
1856	1,600	1,936	3,840	2,060		2,752	3,200	4,280	1,520	1,183	1,490	1,040	160	400	832	400
1857	1,440	2,112	2,480	1,720		2,752	2,680	2,540	1,440	1,092	1,320	1,000	120	500	754	360
1858	1,480	1,936	2,480	1,970		2,752	2,480	2,520	1,120	1,001	1,640	840	100	500	754	320
1859	1,440	2,112	2,400	1,540		3,096	2,400	2,080	960	910	1,520	760	100	266	624	280
1860	1,280	1,496	1,520	1,440		2,408	2,400	2,040	1,120	819	1,280	600	130	240	625	280
1861	1,120	1,320	1,680	1,280		2,240	1,840	1,840	1,160	913	1,200	600	130	250	624	280
1862	1,120	1,120	1,520	1,360		1,600	1,520	1,920	1,120	840	1,040	600	120	240	624	240
1863	1,080	800	720	680		1,120	720	880	760	640	640	440	120	210	520	200

* *N.B.*—Returns for Bombay itself not being procurable for a long period, the returns of the neighbouring station of Tanna are given.

STATEMENT showing Prices of certain Necessaries of Life in Four Chief Towns of the Bombay Presidency, &c.—*contd.*

YEARS.	GHEE. Tolas per 1 Rupee.				MUTTON. Tolas per 1 Rupee.				FOWLS. Number per 1 Rupee.				REMARKS.
	Bombay.*	Poona.	Belgaum.	Ahmedabad.	Bombay.*	Poona.	Belgaum.	Ahmedabad.	Bombay.*	Poona.	Belgaum.	Ahmedabad.	
1824	–	152	–	–	–	342	–	–	–	4	–	–	The figures given represent the maximum quantity procurable per rupee during each year at any time during the year.
1825	–	132	–	–	–	418	–	–	–	4	–		
1826	–	190	160	–	–	418	–	–	–	4	–		
1827	–	209	200	–	–	380	–	–	–	4	–		
1828	–	190	–	–	–	380	–	–	–	4	–		
1829	–	170	220	–	–	456	–	–	–	3	–		
1830	–	209	200	–	–	456	880	–	–	3	–		
1831	–	200	180	–	–	456	1,000	–	–	3	–		
1832	–	180	180	–	–	608	–	–	–	3	–		
1833	–	152	120	–	–	456	–	640	–	3	–		
1834	–	171	160	–	–	608	–	–	–	3	–		
1835	–	228	220	200	–	608	–	–	–	3	–		
1836	213	209	180	–	–	608	520	–	–	3	–		
1837	190	190	180	220	320	608	400	–	3	3	–		
1838	172	190	160	180	–	608	–	–	–	3	–		
1839	166	266	180	160	320	532	520	–	3	3	6		
1840	187	190	180	–	320	760	480	–	3	3	5		
1841	195	209	180	–	384	722	520	–	4	3	7		
1842	224	228	180	–	–	684	520	–	4	4	6		
1843	195	209	180	200	–	684	640	–	4	4	6		
1844	179	219	180	200	–	684	640	–	4	3	6		
1845	179	190	180	200	–	684	640	480	4	4	6		
1846	166	190	200	180	–	685	640	480	–	3	7		
1847	160	228	180	160	–	608	640	460	4	3	7		
1848	224	285	180	210	426	608	680	–	2	3	7		
1849	236	247	240	180	320	456	560	460	3	3	6		
1850	–	247	200	180	–	684	520	420	–	3	5		
1851	175	266	220	220	–	684	480	420	–	3	5		
1852	195	266	200	200	–	684	480	–	–	3	6		
1853	204	266	240	200	320	684	440	–	–	3	5		
1854	183	228	220	200	640	912	440	420	4	4	5		
1855	187	228	220	200	640	912	440	420	4	4	9		
1856	220	247	260	220	560	836	640	420	4	4	11		
1857	180	228	221	200	560	760	640	420	4	4	9		
1858	140	228	220	160	480	760	640	420	4	4	9		
1859	140	133	180	130	480	684	600	420	4	4	8		
1860	105	160	120	130	320	640	480	420	3	4	6		
1861	120	150	120	110	360	480	480	420	3	4	6		
1862	105	145	120	100	320	520	480	420	2	4	6		
1863	90	120	120	100	320	480	320	420	2	2½	5		

No Return.

* *N.B.*—Returns for Bombay itself not being procurable for a long period, the returns of the neighbouring station of Tanna are given.

With

Appendix, No. 4.

Influx of precious metals.

With regard to the imports of precious metals, the Commission found that the books of the Bombay Custom House showed that between 1848–49 and 1862–63 the silver bullion and silver coin imported into Bombay by sea, exceeded the exports by 11,529,711 *l.*

The total quantity of uncoined silver bullion so imported during the period was nearly 44 millions sterling, the exports being about 27¾ millions. This was exclusive of a considerable importation of coined silver. The annual rate of importation had gone on rapidly increasing, while the proportion re-exported had progressively diminished. Dividing the 15 years from 1848 to 1863 into three periods, the Commission found the following results as regards silver coined and uncoined.

	Annual Average of Imports.	Annual Average of Exports.	Per-centage of Exports as compared with Imports.	Net Increase in Bullion and Silver Coin which remained in the Country.
	£.	£.	£.	£.
During the first seven years, from 1848-9 to 1854-5 - -	1,650,926	1,095,445	66	555,480
During six years to 1860-1 - - - - - -	5,756,288	1,387,490	24	4,368,798
During two years, 1861-2 and 1862-3 - - - -	8,303,178	1,697,744	20	6,605,433
			TOTAL - - - £.	11,529,711

These results did not include imports or exports of silver other than those declared at the custom house, and as there is no duty on bullion or coin, none but large sums were, as a rule, declared.

Nor did the return show imports or exports by land, nor gold, of which of late years the import has been considerable, and yearly increasing.

The Bombay Mint Returns examined by the Commission extended over 31 years, and confirmed the results deduced from the custom house returns. They showed that the annual average of silver coined into rupees had been of the value:—

	£.
From 1832–3 to 1846–7, of - - - -	1,026,300
„ 1848 to 1855, of - - - - -	1,368,800
„ 1855 to 1861, of - - - - -	3,235,600
„ 1861 to 1863, of - - - - -	6,276,900

Effects of the rise in prices on the people, beneficial to the producing and labouring classes.

As regards the effects of the rise of prices on the people, one collector (Mr. Propert, Ahmedabad) states, "the labourers are rich, and for every 500 consumers of superior kinds of grain* in bygone years there are now 10,000.

Another (Mr. Golsfinch, Belgaum) points out that the prosperity of the cultivating classes in the South Mahratta country commenced with the introduction of the revised rates of assessment about 30 years ago.

It was furthered by the rise in prices consequent on the Russian War in 1854–55, by the mutinies in 1857–58, "which caused an enormous expenditure in the country, and it has been brought to an incredible pitch by the American War."

"The cultivators now, in fact, occupy the position formerly held by the grain dealers. They command the grain supply of the country, and sell or withhold as it pleases them."

Mr. Shaw Stewart states that in Canara, a coast district, prices had been rising since 1841. "Now (in 1863) for the first time within memory, rice is being imported into Canara," from ports lower down on the Malabar coast, to supply the market in the South Mahratta country, which always before used to export grain.

Mr. Ingle, at Kurrachee in Scind, notices the abolition of statute labour as having raised the wages of labour in Scind.

In the South Concan Mr. J. Robertson notices the greatly increased value of land, which had become saleable for high prices where it was hardly ever saleable before.

In Sholapoor (Deccan) Mr. Duff says, "the poorer classes are now far better off than they were 10 years ago. It is an uncommon sight to witness the rags and misery which were common enough formerly; everyone willing and able to work can easily earn enough to support himself and family in comparative comfort."

This is the general testimony on all sides and from all provinces.

Everywhere in the vicinity of railway works the collectors remark on their great and immediate effect in raising prices, especially the wages of labour. Many thousands who were formerly producers of grain have, since the railway works began, become consumers. The demand for labour on the railways reached even districts very remote from the railways.

There

* Pulse (Dall ore) is one of these superior kinds of grain, and contains much more nutriment in proportion to its bulk than cereals. The consumption of meat by natives has everywhere in Western India greatly increased.—*H. B. E. F.*

Appendix, No. 4.

There was a great difference not only in the numbers of labourers employed, but in the mode of paying them. Formerly agricultural labourers were very generally paid in kind, and rarely received money wages. They were almost universally in debt to the village money lender and grain dealer. The practice on railway works of promptly paying for all labour in liberal money wages, caused an important social revolution in the habits of all who live by labonr, even at a great distance from the actual railway works. The labourers often travelled from their homes 200 miles, or even more, to obtain work so paid, returning to their fields at the cultivating season and harvest time.

The collectors were also unanimous in indicating the extension of cotton cultivation consequent on the American War and of oil seed cultivation consequent on the Russian War, as having greatly contributed to the general rise of prices.

Mr. Propert (Ahmedabad) notes the extension of cotton cultivation from 46,121 acres in 1859-60, to 72,953 acres in 1862–63. "Owing to the exportation of cotton, the tendency has been not only to raise the price of grain, but to double the price of clothes of all kinds. Thus a portion of the poorer classes suffer both in food and clothing, though many of those originally poor are now in a comparatively flourishing condition."

Mr. Ashburner (Kandeish) notes that railways and public works created a demand for labour (paid for in money wages), and withdrew much labour from agriculture. This threw much money into the hands of the lower orders, who had not yet acquired a taste for "the luxuries or secondary wants of life." They spent all their money in food. Prices of food and necessaries of life rose. The American and Russian wars raised the prices of cotton and linseed, and the cultivation of grain for food being thus contracted, prices rose; the annual rains failed; in anticipation of famine, grain merchants kept back stocks, the Nizam prohibited export of grain from his adjoining territory, while railways continued to export towards the coast."

[In other words, increased money wages gave the labourers increased means of purchasing food, and they did purchase it to a greater extent than before; but the increased demand was not met by increased supply, partly from want of irrigation and adequate means of internal communication, partly from the unwise fiscal restrictions on export imposed on neighbouring grain producers.]

There is general testimony to the revision of rates by the revenue survey and assessment having greatly contributed to the well being of all classes, but it had to some extent counteracted the tendency of prices to rise, where the reduction of assessments had led to the cultivation of land formerly waste.

All the collectors regarded the rise in prices as likely to be progressive for some time to come, and most of them as permanent.

Salaries of merchants and bankers' clerks.

References were made to 17 of the principal banks and the oldest of the leading mercantile firms in Bombay, to ascertain whether they had given any and what general increase of salary to their establishments on account of the increased cost of living. Two of the replies stated that no increase had yet been given, but one of them added that the subject was under consideration.

Two had raised all salaries 15 per cent. since 1863.
Four „ „ 25 per cent.
And one added that the necessity of a further increase was then under consideration.
Four had raised all salaries from 25 to 35 per cent.
One „ „ 40 per cent.
One „ „ from 20 to 50 per cent.
One „ „ 50 per cent.
One had doubled salaries since 1859.

These were increases of salary all round to all employed, and in addition to increase given in individual cases to reward or retain special servants; also, in addition to bonuses, given in some cases periodically.

Adverse effect of the rise of prices on persons with fixed incomes.

All the officers consulted were unanimous in their testimony to the suffering caused by the rise in prices to all persons with fixed incomes, and especially to the lower classes of Government servants.

Returns were obtained of the actual cost of living of three families of Brahmans, the class from which the educated native servants of Government are chiefly drawn in the Deccan (Poona) in 1829 as compared with 1863. They gave the following results as the average monthly expenditure of each class:—

	FIRST CLASS.			SECOND CLASS.			THIRD CLASS.		
	Food.	Clothing.	Total.	Food.	Clothing.	Total.	Food.	Clothing.	Total.
	s. d.	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*	*s. d.*
In 1829 - - -	10 7½	3 3½	13 10½	7 1½	1 9	8 10½	6 –	1 9	7 9
In 1863 - - -	23 –	6 4½	29 4½	15 10½	3 4½	19 2½	13 4½	3 4½	16 9
			Per Cent.			Per Cent.			Per Cent.
Increase in 1863 -	–	–	111·71	–	–	113·89	–	–	112·70

There

There was every reason to believe that the case of the lower salaried servants of Government in many parts of the Presidency, especially in the Southern Maharatta country, was even worse. Almost every collector reported great difficulty in filling up vacancies in the Government service; and the impossibility of enforcing an efficient and honest performance of duty by ill-paid officials, who set little value on their situations and had ceased to dread dismissal. Many in the higher grades resigned what had formerly been considered excellent prospects of promotion and pension, owing to the difficulty of living on their official salaries. This tendency was observable even among European officers, and the evil effects were very seriously felt in the police force in several provinces. The sufferings of pensioners and others who were unable to turn to other modes of subsistence were represented as very serious. Appendix, No. 4

The increase in house-rent had been very marked throughout Western India, but the rate of increase differed greatly at different stations, owing to a variety of causes which did not affect prices generally. Only one return notes "no perceptible change." In 23 other returns (exclusive of Bombay itself) the increase varies, being stated in two cases at "double," and "increased 150 per cent." in 20 years. The greatest increase noted was in the Island of Bombay, where the municipal authorities, judging from their assessment books, reported that during the preceding 15 years the rents of first class dwelling-houses and mercantile offices had trebled, while the rents of the houses of the middle and lower classes had doubled. House rents.

The following return, taken from the report of the Municipal Commissioner in Bombay, for 1868, shows how greatly the rateable value of house property in Bombay, which is an index of the rental, has increased during 10 years.

RATEABLE VALUE of Properties assessed for House Tax (a Municipal Impost).

	Number of Properties Assessed.	Rateable Value.
		£.
In 1858-59 - - - - - -	16,648	466,542
In 1868 - - - - - -	23,070	1,474,007

Comparing prices in 1863 in Bengal and Western India, the following results are given:— Comparison of prices in Bengal and Western India.
The number of tolas (180 grains) of each of the following kinds of grain procurable for the rupee was,—

In Bengal.			In Bombay Territory.		
Rice - from 1,700 to 3,000 -	average -	2,223	From 513 to 880 -	average -	728
Pulse, from 1,090 to 1,545 -	„ -	1,317	„ 680 to 837 -	„ -	727
Jowaree - - - - - -	-	4,300	„ 778 to 1,800 -	„ -	1,242
Wheat, from 1,520 to 2,160 -	average -	1,840	„ 690 to 1,540 -	„ -	1,078
Grain - - - - - - -	-	3,005	„ 820 to 1,220 -	„ -	1,056
		Rs.			*Rs.*
Wages of Carpenter - -	per mensem -	9	- - - - - - -	-	25
„ Masons - - -	„ -	$5\frac{5}{16}$	- - - - - - -	-	21
„ Labouring coolies	„ -	6	- - - - - - -	-	$9\frac{10}{16}$
„ Horse-keepers -	„ -	5	- - - - - - -	-	$8\frac{9}{16}$

In Bengal, the returns were from Patna, Dacca, and Kisnaghur. In Bombay, from all parts of the Presidency.

While the inquiry into prices was in progress, on the 28th November 1863, Mr. Hart, the Revenue Commissioner of the Southern Division, reported as the result of his inquiries from the local officers, that the "state of our troops in Belgaum, as regards the main article of their food, resembles that of troops besieged in a hostile country, and that the lower salaried servants of Government, military and police, on whom the peace of the country depends, were under great temptation to break it, to obtain food for themselves and their families."

On the whole community the pressure was stated to be similar to that produced by a total failure of crops. But as much grain was believed to be hoarded, the Revenue Commissioner had very grave apprehensions of some outbreak ere long, the consequences of which would be most lamentable.

This led to a very animated discussion between the Government of India and that of Bombay, relative to the necessity of permanently raising the salaries of public servants, especially in the lower grades. Discussion as to the necessity for raising salaries of the lower grades of officials.

Appendix, No. 4.

A general reduction of salaries had been made by the Bombay Government in 1829, grounded on the fall in prices to the extent of from 20 to 25 per cent., which had taken place during the few previous years.

Office establishments were then reduced from 15 to 20 per cent., and these rates have since prevailed in most civil and military departments in Western India.

All the Collectors consulted by the Commission in 1863-64 noted the adverse effect of the rise of prices on public servants with fixed salaries; one (Mr. Robertson, Tanna) estimated the effect as equivalent to a reduction of one-third from the higher and one-half from the lower classes of salaries, and most of the Collectors give similar testimony.

Acting on an old general rule, the Government of Bombay gave "batta," or increased allowance, to compensate for increased price of food, to all Government servants whose pay was less than 8 rupees (16 *s.*) per mensem,* and in December 1863 the Government of Bombay proposed an extension of the measure to all their servants receiving salaries not exceeding 200 rupees (20 *l.*) per mensem. The cost of this temporary relief was estimated at 39,600 *l.* per annum.

The Government of Bombay, in submitting this proposal to the Government of India, noted:—

1. The general reduction of all salaries in 1829–30 consequent on the fall of prices at that time.
2. The general rise in prices of late years.
3. That this rise seemed likely to be permanent.
4. That there was, in consequence, great and increasing distress among all, but especially the lower classes of Government servants, which materially impaired their efficiency.
5. That Government could afford no relief save by a revision, and, where necessary, an enhancement of salaries.
6. And the problem was, how such enhancement could be granted consistently with the requirements of sound economy?

The Government of India was asked to take these established facts into consideration, and to allow to the Government of Bombay power, within certain limits of total charge, to revise all permanent civil salaries under 20 *l.* per mensem.

The limit of 20 *l.* was named because it included all menial servants and police whose wants were very urgent, and in dealing with which the local Government might reasonably asked to be allowed some discretion, without awaiting the previous sanction of the Government of India to all details. The necessity for a revision and for some increase, equally applied to the higher salaries; but it would have to be made on somewhat different principles, and might await the previous approval of the Government of India.

The Government of India replied on the 5th February 1864, that the establishments of 1857–58 must be taken as the standard which could not be exceeded, and that no increase could be granted pending an inquiry into the duties and emoluments of *all* existing establishments.

The Government of Bombay replied in a letter, dated the 8th July 1864, that they were prepared to undertake such a general revision of establishments as was indicated by the Government of India, if on further consideration it should be found necessary; but before undertaking such an inquiry, they pointed out that a very close scrutiny and revision of district establishments had been made by Sir George Clerk under the financial pressure which followed on the mutinies, and that reductions to the greatest extent compatible with efficiency had been made and carried into effect as lately as between 1860 to 1862, resulting in a net saving of charge equal to 293,500 *l.* per annum, of which a large proportion was in permanent charges and establishments.

Saving in District Establishments :—	£.
Salaried and Hereditary Officials - -	14,600
Permanent Departmental Establishments -	128,000
Temporary Departmental Establishments -	150,900
£.	293,500

The revision of the emoluments of the hereditary district officers was still incomplete, but had already effected a further saving of charge to the extent of 28,900 *l.* per annum in a portion only of the Presidency, and this revision, when completed, would effect some further saving.

The Government of Bombay argued that even before these reductions were effected the cost of administration in the Bombay Presidency was not excessive, compared with other parts of India.

They

* The "batta," or extra allowance granted by the Bombay Government, 12 December 1863, where grain, the common food of the people, was dearer than 10 seers of 80 tolas per rupee (equal to about 20 pounds avoirdupois for 2*s.*), was at the following rates:—

	Rs.	*Rs*		*Rs.*
On salaries from	200	to 111	per cent.	5
„ „	110	to 51	„	10
„ „	50	to 31	„	15
„ „	30	to 17	„	20
„ „	17	and below	„	25

The Revenue Commissioners and all subordinate officers were at the same time charged to consider and submit proposals for meeting this extra charge by reductions in the numbers of servants employed or by indicating new sources of income.

They referred to elaborate calculations to prove that the true amount of land revenue in Bombay, calculated as it would be in other divisions of the empire, was nearly 1,700,000 *l.* per annum, and that the true charge of collecting it was really less than 8½ per cent., or 8 per cent. if the calculation were made to include excise and other items of revenue in the same manner as at Madras, where the cost of collection was calculated at 10 per cent., the per-centage in the North West Provinces and the Punjab being a little lower.

They further noted that the collectorates in Bombay were generally as large as the Commissionerships in the North West Provinces, and that in the smaller, more populous, and richer collectorates, the revenue was collected at a charge not exceeding 4 to 4½ per cent.

E.g. Bombay Collectorates.	Square Miles of Area.
Khandeish - -	12,078
Ahmednuggur -	10,078
Sattara - - -	11,000
North Western Provinces and Punjab Commissionerships.	
Rohilcund - -	12,428
Lahore - - -	11,627
Delhi - - -	11,650

For all these reasons, the Government of Bombay apprehended that any revision of establishments then undertaken was more likely to lead to an increase than to a reduction of numerical strength.

In support of this anticipation, they referred to the results of Mr. Rickett's inquiries when he was specially deputed in 1857–58 to revise the civil establishments of Bombay, at the same time with those of the rest of India.

He then found not only that it was impossible to effect reductions in Bombay, but that an increase of nearly 10,000 *l.* per annum of annual charge was necessary to place the establishments in Bombay on the same footing of efficiency as the most economically managed districts in India.

During the seven years which had elapsed since Mr. Ricketts reported, prices had been steadily rising in a greater ratio than elsewhere in India, so that the necessity for such additions as he proposed had been increased.

Any fresh revision undertaken in 1864 could hardly, the Government of Bombay thought, have a result very different from that made with such care by Mr. Ricketts in 1857–58. It would be desirable before valuable time were devoted to such a work that there should be some ground for hoping that the results, whatever they might be, should not, like Mr. Ricketts suggestions, be indefinitely set aside.

The Government of Bombay next referred to elaborate returns of the receipts and charges of 33 years to prove,—

1. That, with a largely increasing revenue, the administration of the Presidency had been conducted relatively with increased economy.

2. That, looking to the older Bombay Provinces (*i. e.*, exclusive of Sind, Sattara, and other recent acquisions), the total receipts had increased in the proportion of from 1 in 1830–31 to 2·370 in 1862–63, while the charges had only increased in the proportion of from 1 to 1·604; also, that whilst the charges were to the receipts as ·717 to 1 in 1830–31, they were only as ·485 to 1 in 1862–63.

—	Receipts.	Charges.
	£.	£.
1862–63 - - -	4,956,900	2,405,600
1830–31 - - -	2,091,100	1,499,700
Increase - - £.	2,865,800	1,005,900

This had occurred, notwithstanding the unfavourable effect produced by bringing in, on both sides of the account, such items as, alienated revenues, allowances of hereditary officers, and other items of account formerly omitted, which increased the apparent charge to the full extent of the (nominal) receipts.* That the increase of land revenue in the older Bombay districts, excluding Sattara and Sind, and during the period in question, indicated increased material prosperity and development, requiring, however, increased expenditure, especially in the Judicial Department.

Land Revenue.

	£.
1830–31 - - -	1,575,600
1862–63 - - -	2,884,000
Increase - - £.	1,308,400

After summarising the results deducible from the report of the Commission on Prices, the Bombay Government noted,—

3. That since 1829, the prices of grain had about trebled, and were in 1864 nearly double the average prices of 1860 to 1863, while meat and other necessaries had nearly doubled in price since 1829, wages had increased 50 per cent., and the hire of carriage had risen from 200 to even 400 per cent. on some lines of road.

4. That the rise had affected the price of living to Europeans as much as to Natives.

5. That prices in Bombay were double or treble the prices in Bengal, and had risen in Western India to what in Bengal were considered famine prices.

6. That these facts speak unmistakeably to the privations which must be endured by all classes whose incomes are fixed, and only sufficient to provide the bare necessaries of life; to which class belonged the great majority of the servants of Government, and most of the police.

7. That the rise in house rent chiefly affected the city of Bombay, where it was felt to such an extent that it was difficult to get officers to accept appointments in Bombay.

After reviewing the causes assigned by the Commission for the rise in prices, and stating that the demand for labour on public works had not much to do with it, the Bombay Government

* The following are among some of the larger items which have thus been brought in on both sides of the account:—

1842–43 - - Jageers and alienated lands - - - - 151,200*l.*
1846–47, 1847–48 - - „ „ „ - - - - 260,000*l.*

Besides many smaller sums in other years.

Appendix, No. 4.

Government noted that the want of roads and other adequate means of communication was one of the main causes of high prices, which apparently had not yet reached their maximum.

The rise in prices and in the value of labour in itself the Government considered matter of extreme congratulation, but the consequent pressure on the public servants of Government urgently called for notice and relief.

No relief could be expected from reverting to the *status quo* of 1857–58, the precise period when Mr. Ricketts reported the establishments inadequate and requiring increase, and also the period antecedent to the present rise in prices. The pressure was not confined to the smaller incomes, but affected all but the very few on high salaries, such as heads of departments. Even their position had been very unfavourably affected as compared with 30 years previous, and many high appointments which formerly enabled the incumbent to save money, now barely paid his expenses of living.

The Government of Bombay concluded by suggesting that nothing would effectually meet the requirements of the case short of an increase, which was calculated at a decreasing scale from 30 per cent. on salaries under 500 *l.* per annum, to 15 per cent. on salaries above 2,000 *l.* per annum.

It was noted that this increase was not more than had been already given by private firms, banks, &c., in Bombay.

That the case of private soldiers, European and Native, differed somewhat from that of other Government servants, because the former drew rations at the expense of the State, and the latter got extra batta when grain was dear; but that as regarded officers, the necessity for immediate attention to the effect of high prices on their means of living was as imperative as in other branches of the service.

The same causes which had raised prices generally had largely aided to enhance the public income to an extent roughly estimated at 1,182,000 *l.* in the Bombay Presidency. These causes had scarcely begun to act on the land revenue of districts under 30 years' leases; but it would begin to be very perceptible in 1866-67, and would be progressive afterwards.

Finally, the Government of Bombay expressed a deep sense of the gravity of the position, which threatened a total disorganisation of the Government service, and they stated their own earnest desire to combine a due regard for the efficiency of the public service with the dictates of necessary economy.

Two returns were added, one of which showed, from information brought up to June 1864, that the increase of prices of food, and of most necessary articles of consumption, at three principal military stations (Poona, Ahmedabad, and Belgaum) had been continuous since the more voluminous returns of 1863 were sent in. The increase on many articles was as high as 50 and 60 per cent., and sometimes higher, and was balanced in but very few cases (such as oil and sugar) by a fall in price. The increase in the price of forage, and consequently of carriage, was still greater.

The other return showed that such increase of salaries as the Bombay Government considered necessary would involve, in all departments, civil, military, and marine, a total increase of charge exceeding half a million per annum (52,92,260 rupees).

Bearing of this discussion on the present financial condition of India.

No result followed this discussion, at least in the form of any general addition to the rates of salary in the lower grades of the service; nor has any general revision of establishments been since affected; but the facts recorded have an important bearing on the present financial state of India.

1stly. As accounting for much of the general discontent which has been remarked of late years among all classes of Government servants; and,

2ndly. As indicating a cause of future increase of expense, which will sooner or later become inevitable, unless there should be a fall of prices to something like their former level, which, judging from present appearances, is not likely to occur.

If the price of unskilled labour, and of living, for natives as well as Europeans, has risen to anything like the extent reported, it is clear that the cost of the army, and of all servants whose wages are regulated approximately by the wages of ordinary unskilled labour, must be raised, and an increase of the gross charge for such services can only be avoided by a diminution of their numbers, *i. e.*, by a recasting of establishments, which involves a very considerable change of system.

Present prices and public revenue compared with those under the later emperors of Delhi.

The following information regarding prices and revenue, before and after Akbar's time, is from Mr. Edward Thomas's "Pathan Kings of Delhi," 1871:—

Wheat (A.D. 1593 to 1605) was 3*d.* to $3\frac{6}{16}d.$ per quarter=28 lbs.; barley, 275½ lbs. for a rupee (2*s.*); salt, 55½ lbs. for ⅖ of a rupee; wages of bricklayers, 2½*d.* to 4½*d.* per diem; carpenters a little less; ordinary labourers and pickaxe-men from one-half to one-third of these wages.

Archers, 2½ rupees, and matchlock-men 6 rupees per mensem.

Akbar's Army.—His landwehr (Bunu) troops were reckoned at 4,400,000 men, besides horses and elephants. At 2 rupees each, a low estimate, the cost of these men would be 10 millions sterling. These were exclusive of the regular royal army.

Thomas

Thomas thus summarises the estimates of the land and other revenues of the Emperors of Delhi. Appendix, No. 4.

EMPEROR.	Date, A. D.	TOTAL REVENUES. From Land Tax.	TOTAL REVENUES. From all Sources.
		£.	£.
1. Férúz Shah	1351–1358	-	6,850,000
2. Babar	1526–1530	2,600,000	—
3. Akbar	1593	-	32,000,000
4. „	1594	16,574,388	—
5. „	1605	17,450,000	—
6. Jehangir	1609–1611	-	50,000,000
7. „	1628	17,500,000	—
8. Shah Jehan, 1st Return	-	22,000,000	—
9. „ later Return	-	36,000,000	—
10. Aurunzebe	1697	38,719,400	77,438,800

N. B.—These are the corrected amounts given in the "Corrigenda" at the beginning of the work.

Akbar claimed to have abolished vexatious taxes "equal to the quit-rent of Hindustan." This included Muhammedan Jiziah or poll tax on unbelievers, a kind of income tax on all Hindoos. It was restored in subsequent reigns.

In Férúz Shah's time (14th century) there was an overflowing abundance of precious metals. Timur's conquests had depleted the country of money, which accounts for Baber's diminished revenues (16th century). The country had recovered when Akbar succeeded; up to his time the land revenue was levied in kind.

Akbar made a 10 years' money settlement, based on the averages of the preceding 10 years; this was the "germ," says Mr. Thomas, of Lord Cornwallis' settlement.

Some very interesting details of Akbar's system of land revenue will be found in Mr. Clements Markham's "Comparison of the Revenue System of Akbar with that of the English in India."

Mr. Markham enumerates among the vexatious taxes abolished early in Akbar's reign, "the capitation tax, poll tax on workmen, port dues, tax on cattle, market dues, tax on trees, and all exactions under the name of presents."

[It is noteworthy that all these taxes were reimposed by his successors, and were general in Western India, in the Bombay Presidency, up to 1836–7, and in Sind still later; most of them are still to be found levied in native states.]

Before Akbar's time the land tax (khiraj) was levied by taking a share of the actual produce (mookassimah); Akbar adopted the system of taking a fixed money rent (wuzeefa), which was to be levied without reference to the produce, and whether there was produce or not.

He divided all lands into four classes:—

1. Poolej—cultivated every harvest, and never fallow.
2. Perowty—lying fallow at intervals.
3. Checher—fallow for four years together.
4. Bunjar—not cultivated for five years and upwards.

The principle of "wuzeefa" was only applied to the two first classes, and to the second only when under cultivation.

The lands of each class were divided into best, middling, and bad; the produce of a beegah (five-eigths of an acre) of each sort was added together, and a third of that was considered to be the average produce of a beegah of poolej or perowty land. One-third of this average was the share of the State. On checher land only two-fifths of the average produce was paid, and less on bunjer.

The tax was paid either in money or kind, the money commutation being fixed at the average prices of 19 years, and the settlement was established for 10 years.

[Traces of this settlement were discoverable in the Deccan within the last 30 years, and in Guzerat to a still later period.]

Appendix, No. 4.

Mr. Markham sets down the whole of Akbar's (land?) revenue in A.D. 1596, at only 9,67,93,519 rupees (9,679,351 *l.*). He thus contrasts the yield of particular provinces in Akbar's time with our own (1858):—

PROVINCE.	Land Revenue in Akbar's Time, A.D. 1600.	Under the English, A.D. 1858.	REMARKS.
	Rs.	*Rs.*	
1. Bengal and Orissa	1,59,58,247	3,55,10,000	Mr. Markham says the assessment of Akbar on all land now under cultivation, would double the present revenue in Bengal.
2. Behar	59,17,177		
3. Allahabad	56,58,074	3,82,41,930	
4. Agra (exclusive of Scindia's present territory.)	72,33,340		
5. Delhi	1,60,43,180		
		Saugor and Nurbudda Territory:	
6. Berar	1,66,56,082	61,30,200	Much of Berar now belongs to the Nizam.
7. Khandeish	20,00,000	21,00,000	
8. Guzerat	11,69,190	91,75,510	The English revenue of Guzerat is derived from only about one-fourth of Akbar's province of that name.
9. Lahore	1,91,31,720	Punjab: 2,00,45,510	
10. Mooltan			
11. Tatta		Sind: 29,07,720	
TOTAL *Rs.*	8,97,67,010		

About one-twentieth was on an average deducted from the revenue in Akbar's accounts for "jageers," or rent-free lands, granted to public servants, and for "sayurghals," or assignments of rent for charitable purposes.

Akbar's returns were in "dams," 40 to one rupee.

Akbar's rupee was 174·4 grains troy, one-fifteenth more than the present rupee. This has been taken into account by Mr. Markham in comparing the English revenue with Akbar's.

Mr. Markham concludes from his comparison, that though the Government demand is now much lighter than in Akbar's time, the land tax in some districts produces nearly a third more than it did then. That the leases now are generally for 20 or 30 years instead of 10, as then; and in Bengal, &c., the present assesments are permanent.

[But, for an accurate comparison, it would be necessary to take into account the different purchasing value of the rupee in Akbar's time, as compared with the present. It would appear that in Akbar's time the rupee would purchase on an average about 115 lbs. of wheat, whereas it will purchase only about 47 lbs. now in Bengal, the cheapest province in India, and little more than half that quantity in Bombay.

A common day labourer could in Akbar's time be hired for about 1½ *d.* per diem; he would now expect about 4½ *d.* in Bengal, and 7 *d.* in Bombay. If the same proportions held good in other things, Akbar's revenue would appear to be comparatively far higher than ours.]

(signed) *B. W. Frere.*

28 April 1871.

Appendix, No. 5.

PAPER furnished by Mr. *C. B. Phillimore.*

EAST INDIA.

Appendix, No. 5.

DIGEST of the last Annual FOREST REPORTS from each Government, with a SUMMARY of the whole in a Tabulated Form, by *Charles B. Phillimore*, called for by the Chairman of the Committee on Indian Finance;

TOGETHER WITH

STATEMENTS as to the Results of FOREST ADMINISTRATION, and the Sources from which the REVENUE is derived; in order to satisfy Questions Nos. 2222 to 2228, put by the Committee of the House of Commons on Indian Finance, 25th April 1871.

India Office, June 1871.

CHARLES B. PHILLIMORE.

LIST.

	PAGES.
DIGEST of the last Annual Forest Reports	628
APPENDIX, No. 1	651
Containing—	
Statement showing the Result of Forest Operations in the several Administrations of British India for a series of Years to 1869–70 (inclusive), with such distinctions as it has been possible to supply, taken from the Annual Reports	651
Also,	
A Statement of the General Results for all India (omitting Hyderabad Assigned Districts, and Mysore), from 1863–4 to the Estimate for 1871–2, taken from the Forest Budget Estimate for that Year	651
APPENDIX, No. 2	659
Containing—	
Tabular Statements showing the Amounts realised by, and paid on account of, different Classes of Timber received on Government account in British Burmah, from 1864–5 to 1869–70	659
Also,	
Statements of the Receipts of the Forest Department in the several Administrations for the Year 1868–9, showing how the Revenue is derived from all Sources; and distinguishing, in as far as is possible, the Timber which has been cut down by Individuals under Licenses, and showing how much has been realised by the Timber, and how much by the Licenses	659

Appendix, No. 5.

DIGEST of the last Annual FOREST REPORTS from each Government, with a SUMMARY of the whole in a Tabulated Form, by *Charles B. Phillimore.*

LIST.

	Page
Introductory	628
British Burmah	628
Oudh — Under Governor General in Council	632
Central Provinces — Under Governor General in Council	634
Coorg — Under Governor General in Council	636
Punjab, under Lieutenant Governor	637
North Western Provinces, under Lieutenant Governor	639
Bengal, under Lieutenant Governor	641
Madras, under Governor in Council at Madras	642
Bombay — Under Governor in Council at Bombay	642
Sindh — Under Governor in Council at Bombay	643
Hyderabad (Assigned Districts) — Administered for Native States by Governor General in Council	644
Mysore — Administered for Native States by Governor General in Council	645
Summary, in Tabular Form	647
Financial Statement, Madras, 1869–70	648
Extract from Madras Report	649

Introductory.

THE forests of India are preserved under the conviction that they are necessary for the general welfare of the country, both for climate, objects, and for a due supply of timber and fuel, independently of any annual cash profit which may be derived from them. It is not doubted however that, under skilled and careful management, a considerable surplus revenue will ultimately be obtained from this source. It may in course of time come to be, as the Government of India has expressed it, one of the most important sources of wealth for the inhabitants of the country.

As it is, the gross revenues have steadily increased since 1863–4, when the accounts were first separately kept; and although the expenditure has largely increased, it is because trained establishments were necessary from the damaged condition in which, through long neglect, the forests had been suffered to fall.

Including the Mysore and Berar forests (the profit of which does not accrue to the British Government), and taking Bombay and Sindh separately, there are 12 administrations, one for each province.

The Government of India has an Inspector General, who advises the Government generally on all matters connected with the forests throughout India. He has also under his control and supervision the forests of the chief commissionerships: Burmah, Oudh, Central Provinces, Coorg, Mysore, and Hyderabad. But he possesses little power of interfering with the forests under the Lieutenant Governorships (Bengal, Punjab, North Western Provinces), and no power of controlling and directing operations in Madras and Bombay, to which Sindh is annexed.

For each of these administrations an annual report, detailing the operations of the year, is prepared by the chief officer of each administration. These are carefully reviewed by the Governor General, or by the Governors or Lieutenant Governors.

An annual Forest Budget is also prepared and submitted to the Government of India, who scrutinise it with great particularity. While necessary establishments are liberally sanctioned, the greatest economy in management by controlling officers is insisted on.

These yearly reports and the yearly Budget Estimate are laid before the Secretary of State in Council as they arrive, like the documents belonging to any of the other subjects under the Revenue Department; and such circumstances as seem specially to require attention are pointed out, many of those notices being embodied in the reply which is sent to India.

One great item of expense now being incurred is for the demarcation of the forests, the vast areas of which have been very little known. It is a work of importance, as it will enable the Government to concentrate, and so to economise, establishments and labour. Not much has been yet accomplished, but the work is proceeding steadily in almost all parts of India.

The only legislative enactment for the administration of the forests is Act VII. of 1865, which enables administrations to frame rules for the protection and management of their forests, with consent of the Government of India. This Act has not proved sufficient, and another has been prepared, which has not yet passed into a law. It is understood that it will remove all legal obstacles to conservancy.

BRITISH BURMAH.

Burmah.

THE reports for 1868–9 and 1869–70 were recently received together. They are drawn up by Captain Seaton, the conservator, an officer of the Madras Staff Corps, who entered the

the Forest Department, and was one of the first to avail himself of the arrangements made in 1866 to enable British officers to study forestry in France and Germany.

The delay in sending in the report for 1868–9 arose from its containing an historical account of the forests of the province, and of the early measures adopted for their conservancy, the difficulty of obtaining the statistical data which it contains, and of printing it in Burmah.

The following is a summary of the preliminary matter:—

History of forest administration.

The civil divisions of the province are Arakan, Tenasserim, and Pegu; the first two conquered in 1826, and the last, with double the population of the other two, in 1853.

Of the total area of 60,081,560 acres, that portion belonging to forests has been roughly estimated at,—

	Acres.
Teak producing forests - - -	1,534,080
Forest void of teak - - - -	2,945,980
	4,480,060 = 7,000 square miles.

And low-lying forest land and land occupied by—

12,845 towns and villages - - - 26,007,498 acres.

Of the 7,000 square miles 2,397 are estimated to be teak localities.

Xylia dolabriformis.

In Arakan, forest conservancy has hitherto been restricted to certain rules. It is a narrow tract of chiefly hilly country, extending over the western spurs of the Aracan Yoma Range, and is administered by the district officers for protecting the iron-wood tree. A report on the Arakan forests has been prepared by Mr. Schlich, but has not been sent on to the Government of India, pending the receipt of opinions called for upon it.

The Pegu division is the largest and most important, comprising the whole area watered by the Irrawaddy from the frontier to the sea-board, as well as portions of the Sittang Valley, east and west sides. It contains the three main divisions: Rangoon, Tharrawaddie, and Sittang; as well as the Prome division; to which is attached the forests to the west of the Irrawaddy. The richest teak localities are situated on the hills between the Irrawaddy and Sittang rivers; those to the west being inferior in extent, and as respects the growth of the tree.

The Tenasserim division embraces the western side of the Salween from the Pahchoung to the Thoungyeen river, and the whole of the country between the Thoungyeen in the east, the Bay of Bengal on the west, the Siamese boundary on the south, as well as the lower portion of the eastern Sittang Valley.

The teak forests are under one divisional charge, and, though of large extent, are much less valuable in mature timber than those in the Pegu division.

The effects of the large consumption of firewood by steamers on the Irrawaddy, eng being the wood chiefly used, are beginning to be observed along the banks of the river.

The lower mixed forests contain bamboos, padouk (for cart wheels), pynkadoe (the iron-wood), pynma, kanyin. The Sittang forests supply thitnee, thitnu, thitpyoo, thingan. The Attaran, Dhamdamee, and Lhyneboay forests contain these woods, and also Koungmhoo.

Of forest produce the authorities in some localities reserve the right of tapping the thitsee, or black varnish tree, and of collecting beeswax.

In July 1827 the Government sent Dr. Wallich to report on these forests, and directed that they should be held as Government property and protected.

In 1829, the attempts to work on Government account not having been satisfactory, Mr. Maingy, the commissioner, gave up the Attaran forests to private enterprise, under restrictions as to felling, and placing a duty of 15 per cent. on the timber.

In 1833 a small native establishment for planting purposes and conservancy was sanctioned.

In 1837–8 Dr. Helfer reported that the forests were being exterminated under the license system; and more stringent rules were drawn up by Captain Tremenhere, superintendent of forests, in 1841 and 1842.

In 1847 the Court of Directors prohibited the ceding of forest-holdings in perpetuity, and ordered the reservation of certain forests for Government.

In 1848 the present scale of duty was authorised: 4 rupees for each log of 5 feet girth, brought down the Attaran, and *Rs.* 2. 12. for each log brought down other rivers. Dr. Falconer was deputed to these forests in January 1849, and made a valuable report upon them.

On the annexation of Pegu Dr. McClelland was sent as superintendent of forests. In 1853 a notification by Colonel Phayre declared all the forest in the province to be the property of Government, and steps were taken to enforce this right.

Mr. D. Brandis assumed charge in 1856, and continued in function until he was summoned to Calcutta in 1863, and appointed inspector general. During his incumbency of the office he accomplished much towards putting the forests on a sound system of conservancy. Rules were promulgated in October 1856, which were revised in 1859.

Appendix, No. 5. Burmah.

Among other points, they fixed the rate of duty to be levied on timber brought to Kadoe for export from foreign states. Mr. Brandis inaugurated a regular working plan, under which the teak forests were divided into six minor divisions, in each of which one-fourth of the available first-class trees were to be killed annually, it being reckoned that a rotation of 24 years would suffice to allow second-class teak (4 feet 6 inches girth) to attain to first-class size.

Subsequent rules were drawn up under Act VII. of 1865. In 1863 the Timber Revenue Establishment at Kadoe was amalgamated with the Forest Department.

In 1866 so little timber was left in the Attaran forests that it was resolved to grant permits for 30 years to such as had previously had permits to cut timber, called in the language of the country "letmhats," and even to allow them to purchase their plots.

Mr. Leeds succeeded Mr. Brandis in his charge of these forests in 1863, and Captain Seaton was appointed to them on Mr. Leeds' removal to Bengal, in 1868.

The present establishment consists of one conservator, three deputy conservators of two grades, eight assistant conservators in three grades.

Operations of 1869-70.

The forest operation of girdling, blasting rocks, and clearing streams were suspended, owing to the general financial difficulties of the year. As observed by the Chief Commissioner, this is unfortunate for a revenue-producing department, and the fact that the more spent on extraction of timber the more revenue would accrue; had money been granted it would have increased the revenue for 1870–71.

In the divisions of Pegu, valuation surveys, to ascertain the number of trees per acre, their sizes, and contents, were continued, together with experiments to ascertain their ages. The result obtained for the latter was that the average age of a first-class tree of six feet girth was shown to be 124·5 years. Topographical surveys and maps were in progress.

The clearings made in the year for plantations, in extension of the main teak plantations n the Rangoon, Tharrawaddie, and Sittang divisions, embrace an area of upwards of 513 cres, an increase of more than 96 acres above the area planted in 1869; 296 acres of this xtent were near Toungboo. The average cost of the latter is less than of the other plan- ations, about 2*l.* or 2*l.* 14*s.* the acre. The Government regard the progress in plantations, pon the whole, as exceedingly satisfactory; operations are being concentrated on three nain divisional plantations.

In Rangoon division the plantations which have been made within the last three years over 327 acres. A fire in the oldest of them did considerable mischief in the year.

Sesamum, cotton, chillies, sweet potatoes, and other crops are planted with the teak, and yield a small return. Shans are employed as cultivators. Karens and Burmese also, now hat they begin to understand the system, show readiness to take to plantation work.

In the Tharrawaddie division the area planted seems to be 394 acres, and in the Sittang livision 714 acres. Statements are given of the cost, extent planted, and of the average umber of trees per acre.

The total area planted with teak in five years (1865–70) was 1,012 acres, at a total cost, xcluding returns from sales of crops raised on the ground, of 6,473 *l.*, or about 6 *l.* 8 *s.* he acre, as far as the work has gone. Former experimental plantations extend over 21 acres; and, with the addition for this year, 513 acres; the total extent is about ,648 acres.

The Government deprecate a proposal advocated by the local administration to concen- rate all planting operations near Rangoon. In some respects they admit that the plan ommends itself, but they observe that it would be a pity to abandon or restrict the opera- ions near near Toungoo, where the work has been done at a low rate, and where it is pro- able that the cost will be still farther diminished.

The Government remark, "Good soil, the vicinity of water communication suitable for he transport of timber, and the facility for procuring the needful labour, appear to be he principal points to look to in the selection of land for plantations;" and annexed to he report is a correspondence of some length on the development of teak plantations, and he demarcation of reserves, reviewed by the Government; but the principal features seem o be shown in the report, which is of subsequent date.

The Government of India have expressed a strong opinion (as the Secretary of State as also done) adverse to a proposal for relying solely on planting, and giving up the main- enance and reproduction of the natural forests. They repeat that with so large an extent f country uncultivated, and so small a population, such a measure cannot be necessary. They say that, besides teak, there are valuable forests of iron-wood, catechu, thingan, and ther trees, and they lay down the following principles, which it may be well to quote: "The reserves must be sufficient to supply the future requirements of the trade; existing cultivation and all private rights must be most scrupulously respected; but, all valuable teak forests and forests of other kinds, which are not occupied, and in which no private rights exist, must be reserved as State forests. Not to reserve such forests, because settlers may eventually desire to occupy the land for cultivation, would amount to a needless waste of a most valuable property, which has already yielded a very large net revenue to the State, and on the maintenance of which, to a certain extent, an important trade depends. The Government of India will be ready to grant the needful funds for the extension of plantations on a much larger scale than has been attempted at present, as soon as experi- ence has shown that they can be formed and maintained at a moderate outlay per acre; but to rely on plantations alone would in every way be most imprudent; and under all circumstances, the natural resources of the forests must be carefully husbanded until the plantations arrive at maturity."

In

In the correspondence above referred to, the Government point out that whereas it is proposed to work up the plantations to 30,000 acres to secure an annual out-turn of 24,000 tons of timber, the yield of timber in the British territory has been from 33,000 to 52,200 independently of the importation of upwards of 100,000 tons, so that without the last-named sources of supply, 30,000 acres would only supply a small portion of the requirements of the trade.

Progress was made in 1868–9 and in 1869–70 in inducing the "ya" cultivators to plant teak along with their ordinary crops in suitable places, by which means it is hoped to resuscitate the older teak forests. The inducements which it is proposed to hold out to them, but which are not yet sanctioned, are a payment of 10 rupees per acre for each acre well covered with teak plants, and remission of capitation tax.

Steps have been taken to prepare for the establishment of railway fuel reserves, and to ascertain the quantity of wood available along the line of the proposed Rangoon and Prome Railway.

In the Prome plantations of 12 years standing, the average girth of the trees in different elevations is found to vary between 21·32 inches on level ground, to 15·70 on the crest of the hills; and the height from 48 to 38 feet.

Attempts have been made by Mr. Graham, with the assistance of two Karen lads who had been trained in the Neilgharries, to propagate the chinchona by cuttings. These promise to be successful, whereas the attempts with seed failed.

The introduction of ipecacuanha is also to be tried, when plants can be spared from Calcutta.

The demarcation of Government reserves is being urged on with a view of preventing breaches of forest rules, and of excluding the natives (who practice what is called "ya," or "toungya," *i.e.*, burning the forest for the sake of cultivating one or two crops out of the ashes) from the forests. The destruction caused in the last year by this method is described in paragraphs 10 to 33 of Captain Seaton's Report. The Chief Commissioner lays great stress on the trouble which the interference with this rude habit of the people causes them. The Government of India, however, point out that the rules preventing this process have been in force since 1856, and that only within the last two years have any complaints been prominently brought to notice; that they are most anxious to encourage the increase of the population and of cultivation in Burmah; but that this can be effected without giving up the more valuable teak localities. The teak-producing forests are shown to form only a small proportion of the uncultivated land of the province, "and the preservation of a sufficient area of the more valuable forests is a matter of necessity, not a matter of choice." In parts of the country where no other land is available, it may be right to permit the extension of permanent cultivation at the expense of the teak forests, but in ordinary cases it is difficult to understand that there should be hardship and trouble to the people in prohibiting the extension of cultivation in teak localities. All the authorities are agreed on the necessity of proceeding as rapidly as possible with demarcation. As large a staff of officers as possible is to be employed in the Prome division this year.

In the year under notice the final demarcation of 25,800 acres, or 40·312 square miles was sanctioned by the local government, besides preliminary demarcations.

The yield of timber from British forests during the year 1869–70 was a fair one:—

	Logs.	Tons.
By Government Contractors and Government Agency in the Tharrawaddie and Rangoon Divisions.	13,594	12,644·9
Sleepers	6,429	450·2
Seashore Drift and Miscellaneous	3,355	3,055·8
By Permit Holders	32,017	23,692·6
TOTAL	55,395	39,843·5

The yield would have been as great as in 1868–9, which was an unusually large one, but a larger quantity of timber was "neaped" in the lower course of the various forest streams. The department realised *Rs.* 11. 13. a log net; according to usual rates, *Rs.* 4. 4. more than it would have done at a public sale, by converting 475 logs of second-class and unsound timber into 3,355 sleepers for the Bombay market at a steam saw-mill; 98 tons of planking and scantling were also obtained, which found a ready sale. Only the sound portions were converted into sleepers.

The timber from beyond the frontier, which paid duty at the Kadoe station, amounted to 31,936 logs, and 5,853 converted pieces, a decrease of 24,801 logs, and of 17,252 con-

Appendix, No. 5. Burmah.

verted pieces, from the previous year. This large decrease arose chiefly on the timber brought down by the Salween, and was owing to the disturbed state of the North Eastern frontier from the hostilities between the Karenees and Siamese Shans; a state of affairs which threatens to drive away the timber trade from Moulmein.

The foreign timber has decreased in three years from 68,221 logs in 1867–8 to 62,625 in 1868-9, and 44,262 in 1869-70. The British timber brought down by the Irrawaddy and the Sittang was also less than in 1868–9, owing to the very small rainfall in the upper forests having stranded many of the logs. The number of logs, however, including the balance of the previous year, cleared at the Kadoe station was 77,860, or 7,352 in excess of the quantity entered; the quantity left on hand in 1869-70 was refuse, chiefly unfit for shipment.

The average price realised by contractors and Government agency, timber per log was *Rs.* 28. 3., and per ton *Rs.* 29. 10.; and the net revenue *Rs.* 7. 1. the log, *Rs.* 13. 9. the ton. Permit timber gives a profit of *Rs.* 6. 7. the log, and *Rs.* 8. 11. the ton.

It is noted as satisfactory that the average yearly out-turn of timber of the nine years preceding 1868–9, was 10,735 tons; whereas the out-turn in 1868–9 was 21,339, and in 1869–70, 16,151 tons, nearly representing the yield of four seasons in two.

The financial results were favourable, although the Budget Estimate of expenditure had been exceeded by 4,460 *l.* The excess is accounted for by extended operations, the out-turn of timber having been exceptionally large in the two years, and proportionable outlay being required for transport. Plantations also and communications were higher. The excess over the Budget Estimate of receipts, 73,000 *l.*, exceeded the excess in expenditure.

The cash receipts and expenditure of the year in the several provinces were:—

Division.	Revenue.	Expenditure, inclusive of Direction.	Surplus.	Deficit.
	Rs. *a.* *p.*	*Rs.* *a.* *p.*	*Rs.* *a.* *p.*	*Rs.*
Prome - - - -	38,000 5 –	10,540 15 –	27,459 6 –	—
Tharrawaddie and Rangoon -	5,35,148 – 6	3,39,641 7 6	1,95,506 9 –	—
Sittang - - - -	92,305 1 6	34,326 – 9	57,979 – 9	—
Salween - - - -	1,15,410 15 4	13,037 12 –	1,02,373 3 4	—
Kadoe - - - -	2,04,011 5 –	17,835 12 –	1,86,175 9 –	—
Total - - - *Rs.*	9,84,875 11 4	4,15,381 15 3	5,69,493 12 1	—

From the surplus, 56,949 *l.*, is to be deducted for allowances, re-funds, and drawbacks, 422 *l.*, leaving the net revenue:—

	£.
Home, or Forests - - - - -	44,455
Kadoe, or Foreign - - - - -	12,071
	56,526
Or 21,027 *l.* over the estimated Budget surplus.	
But from this must be deducted the less value of Stock.	5,572
Leaving - - - £.	50,954

As the actual surplus of the year's operations.

Oudh Forests.

The Report is by Captain E. S. Wood, the conservator, who left India on sick leave shortly after he had sent it in.

The area of the lands under the department was much the same as in the previous year, the only additions being 3,703 acres in Kheree, and 2,447 in Gondah, both made over for fuel reserves.

It is intended to transfer to the department certain tracts in the Kheree district south of the Sardah, which many years ago were granted for cultivation, but in which the conditions of the grants have not been fulfilled, the area is estimated at 182,737 acres, or nearly 285 square miles. Orders, it appears, have lately been issued for making over 19,000 of these acres. When it may be inexpedient to disturb the present cultivators, they are to be continued under leases from the conservator. The whole tract is said to be better suited to the growth of sâl than to cultivation.

The forest establishment is beginning to work "pretty fairly," but at present there are few really good men as rangers. Captain Wood, however, hopes in time to find some.

Conservancy is being introduced very gradually indeed into the province, with regard to the

the requirements of the population, and their prescriptive rights. Where these have not existed before, they are not to be created. A commission is to be appointed to settle them, but it is useless to appoint one until after the boundaries have been finally decided. It is the minor forest produce which is chiefly affected by such claims. This year it was leased as in the previous year. The talookdars in the neighbourhood are generally the contractors, so that even if they do not keep to the terms few complaints are made to the officers.

The miscellaneous forest produce was leased for 7,479 *l.* instead of 5,535 *l.* A larger amount would have been obtained if the Rajah of Bulrampoor had not had a farming lease. When the regular settlements are completed, a better arrangement can be made. The same sums may not be obtained when most of the dead, fallen, and standing trees have been taken out. On the other hand, the smaller wood will be more valuable, as there will be a market at Byranghat for fuel, and the navigation is being improved.

The rules of sale for forest produce in Oudh are appended to the report; separate leases must be taken for the three different kinds of produce: —

1. Dry Wood.
2. Grazing.
3. Minor Forest Produce.

The Government reserve to itself the right of catching wild elephants.

The sale of mowah, fruit and flowers, takes place separately in March or April.

The third article comprehends the collection and sale of all gums, resins, wax, honey, lac, fruits, and seeds (except those of the reserved woods and mowah), flowers (except mowah), the unclaimed skins and horns of all animals dying in the forest, shells, minerals, prepared or unprepared, grasses for ropes, thatching, and domestic purposes; and roots, stems, leaves of plants not classed as reserved.

The revenue survey is still incomplete. Major Anderson has been making arrangements during the cold weather for determining the boundary which follows the watershed between Nepal and Oudh in the Gondah and Baraich divisions.

Valuation surveys to ascertain the number of trees per acre have been taken for the last three years in the Kheree division. The acreage surveyed in that time (544 acres) shows 3·65 first-class, and 5·534 second-class trees the acre, with plenty of younger trees to take their places.

In Baraich the surveys show a want of young trees, but when the first-class trees have been felled and the block closed for some time, seedlings may spring up.

Experiments also went on to ascertain the ages of trees.

Lines were cut to stop fires in the forests, sowings were made of khair (acacia catechu), a lately reserved wood, and of sissoo. A plantation of the large hollow sort of bamboo was made near the Sohelee, and is doing well. The Government of India commend this measure, and say that the bamboos should be cultivated in all forest districts, where the conditions are favourable, and they are not indigenous.

One of the most important operations of the year to the future profit of the forests was the rendering the Sohelee river available for the transit of timber, by removing impediments from its course; considerable progress was made towards this object. The use of the Sardah, a most unmanageable river for the purpose, can now be dispensed with. The effect has been already to reduce the rate of contract; half the number of carts can be dispensed with, or double the work done with the same number; and, even putting aside the less cost of rafting by the Sohelee, about 1,000 *l.* annually will be saved in land carriage. Moreover, the officer in charge of the division can himself supervise the work, which he could not well do on the Sardah, and not at all on the Kunhout route.

Captain Wood reported that very little expense would make the roads fit for traction engines, which he hoped ere long to see doing the principal part of the carriage of timber and fuel. Acting upon this suggestion, the Government of India requested the Secretary of State to commission Captain Wood to inquire into the possibility of obtaining a suitable engine in England. This has been done, but his report has not yet been received.

Little timber was brought out in the year owing to the change from the Sardah route; but the stock was much increased.

Two thousand nine hundred and forty-two trees were felled, and some more which were to be reckoned in next year's account. The timber promises to be good, but the logs had to be cut to suit the carters, who will not cart them beyond a certain length; 3,193 logs were carted out of the forests during the year.

Captain Wood thinks that the estimate of the annual yield, which in his last report he had fixed at 3,000 or 4,000 trees, can be very much increased, when more data as to the growth of trees have been obtained.

A plan of timber operations for 1870-71, and 1871-72, is added to the report. For an expenditure of 5,000 *l.* in the last of these years, he expected to sell 6,925 *l.*

But little timber was brought from Nepal during the year.

Appendix, No. 5.

Oudh.

The financial results for the year were:—

	£.
Timber at Depôts - - - - - - - - -	2,422
Miscellaneous, including sale timber removed by purchasers, permit fees, grazing dues, sale of fruits, &c., confiscated timber, fines and forfeitures - - -	8,260
	10,682
Expenditure - - - -	10,517
Balance - - - - - -	165
Excess of assets at end of year over those at commencement - - - - - - - - - -	4,355
Profit of the Year - - - £.	4,520

The officers employed under Captain Wood were Captain Losack, Mr. Ponsonby, and Mr. Forrest.

Central Provinces.

Central Provinces.

The forest report on the Central Provinces for 1869–70 is by Mr. Jacob, officiating for the conservator, Captain Doveton, who is at home on sick leave.

The only important operation of the year was the supply of 50,000 sleepers to the Great Indian Peninsula Railway Company. The exertions and arrangements made to effect this operation within a limited time are much commended; but they absorbed much of the time of the officers, caused a considerable expenditure on forest roads, and, from the limitation as to time; the price paid for them, *Rs.* 5. 12. 1. a sleeper, did not cover the expenses, accurate results are to be given when the transaction is quite closed. It is stated that there were 4,450 trees felled, which yielded 32,647 sleepers, equalling 130,588 cubic feet of timber, on an average of 29 cubic feet per log, and it is calculated that, if removed in log, this timber would have yielded 45 cubic feet per tree, or nearly half as much more than the quantity represented by sleepers. 22,774 first class sleepers were landed at Jubbulpore by the 31st of March.

The Sâl Forests of the Meikul and Kymore Ranges are those from which these sleepers seem to have been chiefly brought, on which account expense in opening communications was incurred.

When the demand for timber has sufficiently expanded, the Nerbudda (most of the tributaries of which flow through the most heavily timbered portions of the northern division) will, when two obstructions between Mundla and Jubbulpore are removed, form a most valuable artery for the export of timber.

The forests are partitioned into five divisions: northern, southern, eastern, western, and central. They are divided into reserved and unreserved.

A report by Mr. R. Thompson, giving a geological and statistical description of the country comprised in the northern division, was sent in, of which Mr. Jacob cites the chief points. There are eight reserves in this division.

Operations in the central division were chiefly in connection with the final demarcation, and administration of Sautpoora reserves. Progress has been made towards rotation management.

In the western division, there are seven reserves, which cover an area of 2,000 square miles. Frequent changes of officers had hindered the enforcing of systematic conservancy. The proportion of timbered country is 4·8 acres per head of the population. It is stated that Burmah teak is procurable at Bombay at *Rs.* 1. 4. (2 *s.* 6 *d.*) per foot, and that the cost of delivery would not increase the cost more than 4 annas a foot. The former rates for the timber from the Nerbudda Valley (from 8 annas to *Rs.* 2. 8.) cannot compete with the Burmah teak at the price mentioned; and much of the stock is of an inferior quality, and deteriorates rapidly. Mr. Jacob therefore advocates quick sales at lower prices.

The general situation of the eastern division, and the remoteness of the more valuable areas of forest, and various circumstances, combine to narrow the sphere of operations. The time has not yet come when the large timbered areas of this division can be worked remuneratively.

Fires were excluded from the Hathibaree Forest.

The Panabaras, a leased forest, presents a very favourable field for professional management since the whole of the boundaries has been clearly and distinctly defined.

In the southern division operations were confined to the enumeration of growing stock and the collection of timber in depôts from the Aheree Forest. The survey preparation of maps, enumeration of timber, and experiments to ascertain growth and decay have all been brought to a close. The number and size of trees in the Bemaram and Mirkulloo Forests are given. They contain teak and sheshum (sissoo).

Plantations,

Plantations, as the following Table relating to the three principal ones shows, are very expensive, as yet, in the Central Provinces.

Appendix, No. 5, Central Provinces.

Division.	Plantation.	Area, Acres.	Number of Plants.	Total Cost.	Cost per Acre.
				Rs.	*Rs.*
Northern - - -	Garhakota - -	15	6,982	4,383	292
Ditto - - -	Aheree - - -	56	41,190	13,959	249
Western - - -	Bankaburda - -	40	18,418	7,866	196

	Rs.
The total outlay on Plantations in the Central Provinces appears to have been from 1864-5 to 1868-9.	34,622
Add outlay of 1869-70 - - - - - -	21,327
TOTAL - - - *Rs.*	55,949

In the Eastern Division, mention is made of a plantation of 190 acres, on which about 86,000 trees had been planted. Statements, showing the distribution of this expenditure and other particulars, are called for.

Fires have been excluded for three successive years from two reserves (Jugmundel 53 square miles, and Choohareegogur eight square miles); and for five years from one (Boree, 62 square miles).

Marked success attended the management of the unreserved forests. The total receipts for the year were 31,489 *l.* against 24,916 *l.* in 1868-9, an increase of 6,573 *l.* The increased income it was remarked, in a year succeeding one of unusual pressure, is evidence of prosperity among the agricultural classes. The Chief Commissioner, Mr. Morris, ascribes this favourable result also, in some measure, to a better system of management adapted to the conditions and circumstances of the several districts.

The former practice was for the deputy commissioner to lease out annually the right of working these forests. This threw them into the hands of speculators, and led to oppression of the agricultural population. A system of commutation has been adopted, by which the right of collecting the principal articles of daily consumption, grass, fuel and small timber for domestic and agricultural purposes, is secured to the agricultural population by payment of a fixed annual rate.

Farming leases sold by auction prevail in some districts; and, in some, licenses are issued.

The Government of India issues a caution against allowing prescriptive rights to spring up.

The principal articles of this produce are lac, gum, resin, dyes, Mowah, Rosah, edible fruits, grazing dues.

In the Godavery District, Colonel Ashburner speaks with much confidence (after the defects of the system which has prevailed are corrected), of realising a large revenue, and throwing open to the public, large quantities of various produce, hitherto not turned to such good account as might be.

Captain Forsyth is quoted as giving valuable facts as to the prospects of increase in the export trade of forest produce by the railway.

The Government instance Burmah, to show that the working of the forests can be as economically performed by Government as by private agency.

The Chief Commissioner concluded his review by a proposed re-organisation of the department.

1. By allowing no timber operations for some years to come.
2. By reducing the area of the reserves.
3. By re-distributing the divisional charges.

Government await a full report on these subjects from the Chief Commissioner. In commenting on the report to the Government of India, the Secretary of State cautioned them not to give up reserves precipitately.

The financial results of the year were not favourable, although the receipts amounted to a larger figure than was reached in any previous year; but the large increase of charges

Appendix, No. 5.

Central Provinces.

under conservancy and working, due almost entirely to timber expenses, more than counterbalance this large amount.

	£.	£.
Charges - - - - - - - - - - - -		47,318
Receipts:		
Reserved forests - - - - - - -	4,999	
Other revenue - - - - - - - - -	1,689	
Unreserved forests - - - - - - -	31,490	
		38,178
Cash deficit - - - - - -		9,140
Less value of Stock at close of Year -		1,884
		11,024
Excess of outstanding sums in 1870 beyond 1869 -		27,771
Net Profit of the Year - - - £.		16,747

arge outstanding sum is owing to the close of the financial year being just the season when operations are incomplete, and when there are large balances, both in the shape of income for remunerative work, and advances for its performance.

The Secretary of State in his reply (6th February 1871) pointed out the large increase of expenditure under the head of timber expenses, ascribed, as before stated, to the provision of sleepers within a given time; and directed that losing contracts of the kind should not be entered into in future.

Coorg.

Coorg.

The Annual Report for the forests of Coorg fo r1869–70 has not yet been received. The following particulars are taken from the General Administration Report of that year:—

The whole of Coorg proper is dotted with stately forests. The trees, however, attain their greatest magnitude on the declivities of the ghats. It is a stupendous ridge, not broken or rocky, and covered with a rich stratum of mould, in which trees grow to a prodigious size. There is a wide extent of forest on the eastern boundary, but its produce, though not scanty in growth, does not equal that on the chain of mountains. Bamboos in all varieties and of the greatest excellence, are found everywhere; rattans and reeds, creepers and rare plants, frequently form an impervious underwood.

An interesting list of trees useful for timber, fruit, gums, bark, and fibre, too long to quote at length here, is given. The best known are the jack, blackwood, areca, mangoe, tamarind, and dammer trees.

The conservator is Lieutenant Van-Someren, who is also conservator for Mysore, and there is an assistant conservator, Mr. E. Ludlow.

The quantity of timber felled during the year was:—

	Number of Trees.		Logs.
Teak - - -	443	Yielding - - -	836
Hounê - - -	168	ditto - - -	271
Blackwood - -	9	ditto - - -	9

The cost of felling is calculated at *Rs.* 1. 3. per log. The teak logs are said to contain about 20 cubic feet of wood each.

The

The sandal trees have been taken up with their roots, and the quantity collected is thus given :—

	Kandis.*	Maunds.	Seers.
Billets - - - -	268	10	9
Roots - - - -	99	13	30

* The Coorg kandy weighs 550 lbs. English.

The cost of collection varies in north and south Coorg, being from 6 to 7 rupees the kandi in the former, and from 5 to 11 in the latter, labour being more expensive in the south and the billets having to be carried long distances to the carts.

Only 183 logs of teak and three of honné were sold during the year; the teak fetched a fair price, *Rs.* 1. 2. 5. and upwards per cubic foot. Thirty-eight logs given to the Public Works Department are not included in the above. Timber and bamboos, worth 1,908 rupees, were also given for the lines of the 8th Regiment, N. I. Further sales were postponed as there is a large stock in hand.

Four hundred and fourteen kandis of sandal wood in billets, and 114 in roots, were sold at an average price of *Rs.* 86. 1. 5. a kandi.

The proceeds from small wood and bamboos are smaller than in the previous year, and will be smaller, as two of the jungles are worked out, and the Coorgs are underselling the departments.

The teak nursery at Tittimatti is to be abandoned as the soil is unsuitable.

The plantation at Karmád is thriving; 50 acres cleared in the previous year were planted, and more have been cleared. Preparations for forming a plantation at Kutampilli have been made.

The attempt to rear sandal trees has failed. In future, seeds are to be sown broad-cast in selected land covered with light brushwood.

The receipts from fees for licenses for felling timber were 5,819 rupees.

The subedars grant licenses to fell 15 trees. The fees vary according to the kind of tree, from 3 rupees to 20 rupees the tree. The highest rate is only paid for poon trees, sent to the Western Conkan for masts of ships.

The following are the charges for other reserved trees: blackwood anjeli, 10 rupees the tree; ebony, honné, and trupu, 6 rupees the tree.

Shelter was provided for coolies.

The assistant conservator complains of the small remuneration of the native subordinates of the establishment. Complaint is made of the want of forest rules, in consequence of which the forest resources of the country are much impaired. Sandal wood has become scarce in south Coorg.

No survey or demarcation of reserves has been commenced. All the roads are open and there is no guard to check smuggling except in two of the ghats.

Great attention is being paid to the cultivation of cardamoms, on which Mr. Ludlow has published an instructive little manual. There are 128 cardamom jungles, some comprising large tracts of land.

The financial results of the year (Actuals taken from the Budget) were :—

	£.
Receipts - - - - - - - -	10,815
Charges - - - - - - - -	3,308
Surplus - - - £.	7,507

Punjab.

The Punjab reports are in arrear. It is known that the Government of India has called attention to the circumstance, which doubtless proceeded from the great amount of work thrown upon the officers of these forests, in order to furnish timber for the construction of the Government railways, and to provide fuel to work them when constructed.

The following particulars are taken from the Administration Report for 1869–70, which gives an abstract of operations and results.

It divides the forests and woodlands now under the charge of the department into two classes :—

I. The more important forests and rukhs, the property of Government, in which it possesses paramount forest rights; and,—

Appendix, No. 5.

Punjab.

II. Forests leased from native states.

The first of these is again partitioned into nine classes, according to district and character:—

1. The forests of Hazara, consisting of cedar and various conifers.
2. The forests of Rawulpindi, consisting of chil (*Pinus longifolia*) and deciduous trees, including fuel brushwood.
3. The forests of Kangra, consisting of chil and deciduous trees, with fuel brushwood and a little sâl.
4. Tracts of chil in Gurdaspore.
5. Chil forests and bamboo jungles in Hoshiarpore.
6. The cedar and coniferous forests of Kullu.
7. Ambála district, small sâl tracts of the Kalesar Dhur.
8. Sissoo forests of the Kachi on the Indus.
9. The fuel and timber tracts, known as the rukhs of the plain districts.

The leased forests, Class II., are those of the Chamba State between the Chenab and Ravee, mainly cedar, with various other conifers and some deciduous trees.

The tracts of Bussahir and Puri in the valley of the Sutlej and its tributaries.

The department has also charge of a large division, formed of extensive fuel plantations, extending along the lines of the railway from Changa Manga, in the Montgomery District, to Delhi.

The general control and direction is under a conservator, aided by an assistant conservator, who superintends the office while on tour, and has charge of the forest accounts.

The tracts are divided, for administrative purposes, into eight divisions and ranges, including fuel plantations and reserves.

Complete rules for the management of depôts and sales have been issued for 1870–71.

The chief work of the officers of the Upper River Divisions, besides mere felling, is the custody and conservancy of the forests, the prevention of grazing and firing of forests, and the securing reproduction, which is generally effected by protecting the growth of the seedlings, which spring up by thousands in most places, as soon as the original forest is cleared.

The "rukhs" consist for the most part of brushwood, or rather a thick stunted growth of various species of acacia, prosapis (jhund), karil (leafless caper), &c.; but, in places, more valuable growths of kikar (acacia Arabica), shisham (dalbergia sissoo), and, in the salt range, olives and box. These rukhs are gradually being made over to the care of the department; nearly 400,000 acres were transfered during the year.

The entire supply of fuel and timber for the Northern State Railway has been entrusted to the department, and the powers of the officers concerned are taxed to the utmost.

In order not to tax the hill forests unduly, recourse is also had to the forests of Cashmere, and arrangements have been made for a large supply from the Maharajah's forests. A considerable rise has taken place in the prices of both deodar timber and fuel.

The return of fellings for 1869–70 gives a total on the five rivers of 7,979 trees, and 60,161 logs. The receipts in the several depôts show 29,272 pieces, containing 501,059 cubic feet; 1,590 acres have been added to the previous area of plantations of 6,275 acres. The cost of maintaining the old, and planting the new, was 7,783 *l.*

The financial results are given in the following figures:—

Assets at the beginning of the Year.

	£.	£.
Value of timber, and other stock	8,389	
Outstanding on account of sales and excess payment to contractors	15,054	
		23,443
Expenditure during the year		71,366
		94,809
Receipts during the year	39,413	
Assets at the end of the year—		
Value of timber £. 34,059		
Outstandings 20,383		
	54,442	
		93,855
Loss on Year's operations £.		954

These sums show only the actual transactions in timber brought into the depôts, but the value of timber in various states in the forest is very much in excess of what it was at the beginning of the year, and the purchase of some of the stock has swelled the expenditure.

Appendix, No.

North Western Provinces.

North Western Provinces.

North Western Provinces.

THE report is by Major Pearson, the conservator. Much activity prevailed throughout the department during the year. The principal timber operations were :—

1. *Säl Fellings in Kumaon, under Mr. Greig.*—These were very extensive, and are divided under two heads: the removal to the depôts of 1,045 logs, and 12,000 kurries,* from the Kooria Kurruk forests, which were felled and cut in the previous year, and the felling, logging, and conveying to depôt of 2,500 trees in the Droogadch forest. The work is represented by close upon 200,000 cubic feet of timber being brought to depôt, of which one-third was in a prepared state. There is a demand for kurries, which fetch a good price in the native market, and which can be made out of the unsound and crooked trees, which it is desirable to remove from the forests.

* Small squared logs

2. *The Auction Sale in Gurhwal.*—In the Semulchour depôt, there were about 62,000 cubic feet of very fine säl timber from last year. The result of the auction in January was not successful, as only a few *bonâ fide* purchasers appeared, and they were in league. As there is not much sound timber left in the inaccessible parts of the Gurwhal forests, and this timber is exceedingly fine, it is determined not to part with it hastily.

Doubt is expressed by the Government of India whether, considering the difficulty of disposing of the timber, the general operations of the year have not been on too extensive a scale.

All the logs in the Bhagarutty forests put into the river, 5,765, have been made over for sleeper works; they will come into account next year. Only 400 out of 2,000 cheer logs at the Hurdwar depôt sold at a low price; it is supposed, because the dealers do not like the introduction of new articles, preferring to keep up prices.

3. *The Supply of Timber to Chuckratta.*—There was a very large out-turn of this work, the whole arrangements for which devolved on the Forest Department.

	Planks.	Kurries.		
Deodar - - - - -	44,584	20,190	= 64,710	cubic feet.
Raiee - - - - - -	26,564	7,209	= 31,206	„
Sawn up by Captain Murray	15,606	459		
			95,916	„
	86,754	27,858		

There were besides nearly 4,000 bullies given to the Chuckratta works. The whole of this wood had to be prepared and carried on men's backs from the forest to Chuckratta, and it required the closest attention to keep the hill men together.

4. *The Sleeper Operations on the Tonse and Bhagarutty Rivers.*—The preparation of these sleepers for the Delhi and Rewarree Railways was really the most important work begun during the year. It was carried on under Captain Murray in the Tonse, and in the Bhagarutty by Mr. Wilson (as a contractor), under Mr. O'Callaghan. On the Tonse, the sleepers have to be cut up in the forests and carried to the river; 5,127 had been sawn up to the end of June, and carrying had been begun. Logs for more than 35,000 more were collected in the sawing depôts. In another forest 3,500 trees had been marked, and were being felled and logged; and at Datmeer, the highest deodar forest on the Tonse, 2,000 trees had been felled and were being logged, while 524 had been put into the river. Great difficulties embarass the work, scarcity of labour, difficulty of keeping up supplies of food for large gangs of workmen, in a country without roads, and the bites of the "Potoo Fly" are a scourge to the plains-men; 180 pairs of sawyers were driven back by the last-named cause to the plains. The work of the hill-men is inferior.

In the Bhagarutty forests the works went on very satisfactorily. Arrangements were made by which it is hoped that the out-turn of the season will be from 50,000 to 60,000 sleepers. At this rate it is expected that the sleeper work for the State railways will be successful.

Another set of sleeper operations has been going on for cheer sleepers in the August moondee forests for the East India Railway Company. Here also the sleepers are cut in the forests, and the work has been successfully performed by Mr. Scott, on behalf of the Company; 44,000 sleepers have been turned out, and about 9,000 trees girdled for next year. The sleepers seen by Major Pearson were very well sawn, and in excellent condition.

Operations for the exclusiono ffires from the forests were successful in the Dhera Dhoon, but they were on a small scale. The Kumaon and Gurhawl forests again suffered damage.

Village, grazing, and other rights, are not to be allowed except where prescription really

Appendix, No. 5.

North Western Provinces.

exists, but the Government state that the best plan will be to allot to new villages limited and well-defined forest tracts for grazing and the supply of forest produce.

The uncertainty of boundary lines in the Doon is noticed, and the Government of India lay it down that a clear demarcation of boundary lines is the first condition of successful forest administration. The boundaries in the Doon are the only ones which still require to be defined. The collection of dry wood has realised a large sum, but it has given an excuse for the destruction of trees, and the perpetration of mischief in the forests. Major Pearson is inclined to recommend that it should be only exercised under supervision, and within defined limits.

The plantations of Australian and fruit trees at Raneekhet are going on very favourably, and in some cases have shown wonderful progress, although some of the fruit trees from England died from the heat on their way up the country. If Raneekhet is to be a large station, the successful introduction of the rapidly growing Australian trees is a matter of the highest importance, in respect not only to beauty but to supply of fuel.

The question of covering the bare hills at Chukratta, and of the supply of fuel for the cantonment is more difficult. Some of the Australian trees are doing very well; Major Pearson, however, fears that the climate will prove too severe for them without greater care than it is possible to bestow on a large number. He expects that the only way of supplying the cantonment in a few years will be to complete the cart road and send the wood up from the Doon. This view is supported by the Lieutenant Governor.

The Khadir (low alluvial land) of the Ganges has been examined and favourably reported on by Mr. Colvin, with a view to fuel plantations for the railway. Dr. King remarks of the Doon that, beyond the maintenance of the forest nursery begun by Mr. Colvin, no planting was done during the year. The nursery is being continued, and arrangements made for sowing seeds of Australian trees. He observes, "The increasing scarcity of firewood, for the supply both of local wants and of the railways, is a serious matter. In the Doon itself the tea planters require a large quantity, and the manager of one of the largest gardens tells me that the Company's jungle having been all felled, he is under the necessity of cutting down mango groves, and indeed it is evident that the destruction of the mango groves, which lend so much to the beauty and salubrity of the Doon, is only a question of time. The inexorable demand for wood is being met simply by cutting. Hardly anywhere is planting being carried on. However, this wholesale destruction of growing timber is but part of a large question, the gravity of which, as affecting climate, rainfall, and fertility of the soil, is hardly as yet recognised."

Marked improvement is shown in most of the divisions under the head of minor produce. This, however, was not the case in the Doon, where there is evidence of strong corruption having prevailed among the subordinate forest establishment, now the subject of criminal proceedings in the courts of the district. The Government call for further inquiry, and a report upon the whole case when completed.

Mr. Greig mentions an increase in receipts from Rottlera Tinctoria, Kamela Powder, a vermifuge and also a bright yellow dye; that he had sent eight maunds of this drug for 20 *l.* to Messrs. Hanbury, of Plough-court. Dr. Cleghorn reported to the Secretary of State, in February 1869, that Mr. Hanbury had told him that the best consignments he had received of this drug were obtained from the forest officers direct.

The canal plantations are omitted from the Report, having been re-transferred to the Public Works Department.

The financial results of the year were:—

	£.
Receipts - - - - - - - - - -	64,836
Expenditure - - - - - - - - -	38,365
	26,471
Less Value of Assets and Liabilities at the end of the Year	1,827
Net Revenue - - - £.	24,644

By the end of the working season a large additional quantity of timber had been brought home and stored in the Kumaon depôts.

The forest officers named as employed during the year are Mr. Greig, Mr. O'Callaghan, Mr. Colvin, Dr. G. King (now Superintendent of Botanical Gardens, Calcutta), Captain Murray, Mr. Biereton, Mr. Thomas, Mr. Grant, Mr. Bagshawe, Mr. Henman, and Mr. Moir. The last two were from the first batch of young men who had been trained in France for the forest service. Major Pearson laments the death of the former by a fall down a precipice. He had shown remarkable intelligence, and had given great promise of future usefulness. Mr. Moir is well spoken of for steady work.

Major Pearson states that "perhaps the greatest step in the way of real advancement in forest management during the year" was the appointment of an officer (Mr. Colvin) to the charge of head quarters and the supervision of the accounts; the benefit, he says, is most evident in all the divisions. "It is impossible for any item of doubtful expenditure now to pass without criticism." Praise is given to the head assistant in the office, Mr. Jeffries.

Bengal.

The Report on the Bengal Forests for 1869-70 is by Mr. Leeds, the Conservator, who returned from sick-leave on the 2nd of May 1870, receiving charge from Lieutenant Stenhouse, who had been acting for him.

With the report is forwarded a memorandum by Mr. Mann, the assistant conservator, on forest survey in the Assam division. A summary of this paper is given in Mr. Leeds's report. The inspection embraced the Luckimpore, Subsaugor, Naga Hills, Nowgong districts, and the forests in the Khasi and Jynteah hills. This inspection was the principal operation of the year. These forests contain a great variety of timber of valuable kinds. In the most accessible places they have been much drained, especially on the left bank of the Bramahpootra, to supply the saw-mills of the Upper Assam Company on the banks of the Debronuddy, whence the North East Saw Mills Company has derived its supply; and on the Lower Dehing, where the forests have been heavily worked by the Dehing Saw Mills Company.

In the Nowgong district, "jooming" (the same as "ya," or "toungya," in Burmah, and "koomree" and "dalla" in the south of India) has much damaged the forests.

The importance of the Soom forests for the production of the Moogah silk, one of the most profitable occupations of the inhabitants of the Luckimpore district, is again brought to notice. The Soom forests in the Subsaugor district are also extensive and valuable.

The area of valuable forest tracts in Assam is roughly estimated at 4,000 square miles, so far as the knowledge of them as yet extends. Tracts will be selected under notification in the Gazette, and declared Government forests; and, out of these, picked tracts are to be selected as Government reserves. Acquaintance with them is as yet too imperfect for any plan of working them to have been formed.

The reserved tracts of forests now in charge of the department are:—

In Assam, the Nambur forests, about 25 square miles.
Dhunsiri " 720 "

In Sikhim, Bhootan, tracts in the Eastern and Western Dhooars covering 2,175,112 acres. These tracts are said to contain a population of 67,016, of which 46,733 are Hindoos.

The demarcation of reserves was to be begun in the season 1870-71. The boundaries of the reserves in Sikhim and Bhootan were fixed.

The Rungbool plantation was increased by 180 acres. The teak plantation at Bamunpokree promises well; it is to be actively continued on the plan which was introduced into Burmah by Mr. Leeds, and is described in the Burmah Report. The plantation is of mixed teak and toon. Small experimental plantations, "as a data for future operations," have been formed in the Western Dooars and in Upper Assam. Chittagong and the Solmye range of hills in Tipperah are mentioned as suitable for teak plantations. Only a small quantity of timber was extracted from the forests in 1869-70, logs and sleepers together, 4,026 pieces. Paragraphs 36 to 46 explain the different modes under which timber is worked,—

By Permit holders.
Government Agency.
Petty Contractors.
Extra Establishments.

Mr. Leeds repeats his known preference for the first method.

The financial results were:—

	£.		£.
Forest Revenue* - - - - - - -	4,020	Receipts - -	*11,375
From Produce Collected by Revenue Officers -	7,355	Charges - -	9,587
£.	11,375		1,788
The Difference between Assets and Liabilities at the Commencement and End of the Year - - - - - - - - - - -			1,894
		Making the Total Profit - - - £.	3,682

The working staff of the conservator was increased from the 1st of January 1870 from two to six assistant conservators. Mr. Leeds laments that he could not obtain one of the young men who had been trained in Europe, and of the want of skilled officers.

The report is reviewed by the Lieutenant Governor of Bengal, and by the Government of India. The small profit is attributed to the weakness of the executive staff for so large an area, and the expectation is expressed that the returns of revenue will show a more satisfactory result, since the increase made to the staff, and as the forests gradually come into the hands of the department.

The Government of India point out the necessity, in the interest of the saw mill companies themselves, of the Government protecting its forests, and exercising due control

Appendix, No. 5.

Bengal.

over the forests, by restraining waste of material with respect to the method of obtaining the timber. While they admit that the permit system may at present be the best suited to the strength of the establishment, and the condition of the country, they enjoin great care in the issue of permits, and state it as a "cardinal rule for forest management everywhere, that the actual felling of the trees should rest with the parties who have the control of the forests;" and they consider it "on general principles desirable that no trees should be felled except by the direct agency of the department, after which they might be sold to contractors or permit holders."

In the matter of plantations, they direct attention to the necessity of selecting large blocks of from 3,000 to 5,000 acres as sites, experience having shown that small plantations are unduly expensive, and likely to prove unsuccessful.

The Bengal Government, who had commented at length on many of the points noticed by the Government of India, observed that the revenue from forest produce had increased from 5,336 *l.* in 1868–69 to 7,355 *l.* in 1869–70, but that no details are given.

Madras.

Madras.

The latest received Annual Report is for 1868–69. The following particulars are taken from the Administration Report for 1869–70.

The year was one of progress in Forest Conservancy. The Government are endeavouring by every means in their power to check the disafforestment, which an increasing population and the spread of agriculture tend to bring about. They are negotiating for the lease of several zemindary forests, in order to institute a system of conservancy in them. In the Government forests care is taken in felling that a sufficient number of trees for reproduction is preserved on every given area, and encourgement is given to the growth of saplings by disencumbering them of long grass and creepers.

Several new plantations have been formed, and existing ones added to.

Twelve thousand sandal wood trees have been planted in the Collegal range, where the plantation now includes 40,000 trees. Upwards of 2,000 acres are occupied with plantations. A large extent of land has been inclosed for railway fuel reserves. These are in the districts of Cuddapah, Salem, North Arcot, and Coimbetore, and now comprise 32½ square miles. But the Madras Railway alone consumes about 50,000 tons of wood yearly, and no special provision has yet been made for the wants of the Great Southern of India. The Government have therefore taken steps to demarcate reserves in the Southern Division.

In point of finance, no year's operations have been so successful since the formation of the department; a net (cash) profit of 20,910 *l.* having been obtained. This includes 11,835 *l.* worth of timber felled in former years, but the value of which had not been credited to the department.

The actual figures, as given in the Report on the Budget, were,—

	£.
Receipts - - - - - - - -	49,579
Expenditure - - - - - - -	28,669
£.	20,910

Since this digest was prepared, the Madras Report has been received (June 13th). From it have been added to the statements the Financial Statement for the year 1869–70, and an extract showing the amount expended on plantations, and the quantity of timber, &c., drawn from the forests during the year.

Bombay.

Bombay.

The Report is divided into two parts, a general report for the whole Presidency (excepting Sindh), and a separate report for the Canara Forests, to which the review of the Government of Bombay is attached.

The general report is by Mr. Shuttleworth, the conservator; the Canara report is by Captain Peyton.

The general report deals with the forests according to the separate collectorates in which they are situated. The most striking feature is the evidence afforded by it of the great resources which the forests of this Presidency, and especially those of North Canara, contain. The receipts were considerably more, by 5,890 *l.*, and the expenditure considerably less, by 4,828 *l.*, than in the previous year; and were also improvements (receipts 26,343 *l.* more, expenditure 2,458 *l.* less) upon the amounts estimated in the Budget. The total net revenue far exceeded that of any previous year.

The figures are,—

	£.	£.
Receipts* - - - - - - - - - - -		102,343
Expenditure - - - - - - - - - -		41,348
	£.	60,995
Decrease in value of stock - - - - - -	3,093	
„ „ value of amount of outstandings - -	83	
		3,176
Net profit on the year - - - £.		57,819

By

* In addition to this amount, nearly 2,000 *l.* worth of wood was given away freely in the several collectorates.

By far the largest portion of this profit was derived from the Canara Forests, a closer personal examination of which shows them to possess large supplies of most valuable timber. They were inspected this year by Captain Peyton, under whose separate charge, as conservator, they have been lately placed, and by the Inspector General of Forests, Mr. Brandis. Six or eight hours were daily spent in them, examining and making surveys. Captain Peyton bears strong testimony to the value of Mr. Brandis's suggestions, and lays it down as his own principle to utilise trees arrived at their full prime, and all deteriorating stock in the forests, so as to make way for reproduction and the improvement of young trees; and on no account to touch the growing stock of the forests likely to improve. Captain Peyton dwells upon "the vast resources of the Bala Ghauts of Canara with its 1,950 square miles of *magnificent forests" and "unhesitatingly" affirms that the yield "can be doubled without the least jeopardising future supplies."

The Revenue Survey has been occupied in separating the cultivated, culturable and grazing tracts from the forests during the year; but in Canara no land is alienated from the forests until it has been examined and reported upon by the Forest Department.

The evil consequences of working by contractors or by licenses, and the benefit, under good superintendence, of working departmentally, are shown, both in the general report (paragraph 67 and 68) and in that for Canara (paragraph 97). The saw has taken the place of the axe in felling wherever possible, and the saving caused thereby has been considerable.

Several fine sites, both above and below Ghauts, were fixed upon for plantations, and operations may be extended over several thousand acres lying along the banks of the Kalanuddy, Bairti and Coulghy Rivers. Mr. Barrett's services in regard to teak plantations near Carwar are highly spoken of.

Of the other collectorates only three, the least important as regards forests, Rutuagherry Ahmedabad and Kaira, exhibit an excess of expenditure over revenue. The amount is small, and the circumstances in each account for the fact. Under what is called Mr. Dunlop's proclamation, forest lands were made over to the Inamdars in Rutuagherry. Until they are exhausted there will "probably not be much profit in the collectorate." The effects of denudation are making themselves felt. The people of the country are crying out that the rainfall is yearly less, their creeks are silting up, and shoals and bars forming at the mouths of the navigable rivers. Since the forests were cleared along the Ghauts, nothing checks the rush of water down the hills; it no longer soaks into the ground, but washes the dirt and gravel into the creeks. The rivers are swollen with floods during the rains, but they soon run out, the streams dry out much sooner than they used to do not many years ago, and in the hot weather water is scarce.

Similar testimony is given in respect to Colaba. "The hills in the Konkan are so steep that when once cleared of their tree covering, they become of little use to the cultivator; the rush of water in the rains washes all the soil away until the face of the rock appears; while the trees remain, they prevent this, and annually supply new soil by their decaying leaves and vegetation."

Planting operations were carried on in most of the collectorates. Their importance is urged, and even the expediency of taking up for this purpose land which may be under cultivation.

It is mentioned that in the Sattera Collectorate the cultivators have become so enriched by the growth of cotton, that they are substituting houses of timber for their former mud huts with thatched roofs.

The names of the officers mentioned by Mr. Shuttleworth and Captain Peyton, in the reports are Mr. Paradise (since dead), Mr. Muller, Mr. Wallinger, Mr. Hilliard, Mr. Spence, Mr. Parr, Mr. Morphew, Mr. Williams, Mr. Walsh, Mr. Narrayen Bulah and Mr. Barrett for Canara.

Sindh Forests.

The Report for 1869–70 is by Mr. Fenner, the forest ranger.

The forests comprise 317,245 acres. The total yield of the year was 1,652,106 cubic feet, being at the rate of 5·20 feet for each average square acre against 4·73 in the previous year, while the general average revenue derived by acre was 12 *a.* 2 *p.* against 11 *a.* 10 *p.* The largest portion of revenue (14,723 *l.*) was derived from firewood. The total quantity sold exceeded the quantity of last year, although it did not realise so much revenue. The consumption of the steamers on the Indus was 550,700 maunds, a less quantity than usual owing to the continuance of an unusually depressed state of trade in Sindh, the steamers being reduced to fortnightly, instead of weekly trips, and being even then not always fully laden. After an inquiry conducted by Sir William Merewether, the selling price has now been reduced experimentally from *Rs.* 18. 8 *a.* to *Rs.* 16 the hundred maunds. A large quantity of dried fallen wood was sold at low rates in the forests; 100,963 maunds of this wood found its way to Bombay by the mouths of the Indus, and caused the increase in the total quantity sold referred to above.

Grazing fees are the next largest item, and then building wood, which brought in 2,496 *l.*, nearly double the amount obtained in the previous year. A timber depôt has been established at Kotree without causing additional expenditure. It did not dispose of much wood in the year. Mr. Fenner observes that the losses and distresses of the agricultural community

* Measurements of trees in the Sherolie Forest above Ghauts, gave from 80 to 84 feet in height from the ground to the intervention of the first branch with clear cylindrical stems, carrying a girth of 9 feet from the ground upwards.

Appendix, No. 5.

Sindh.

community through part of the year under review, from a cruel epidemic, and the destruction of their cereal crops by locusts, caused "a deep-seated despondency hardly characteristic of the people of Sindh."

Attention was called by the ranger to the alluvion rules, the subject being of great importance from the rapid changes in the course of the Indus, by which sometimes large masses of forests are carried away.

The financial results show an increase in the receipts over those of the previous year, but a still larger increase in the expenditure, so that the net profit was less by 1,394 *l.* than in 1868-69. Three items alone, mostly exceptional account for this decrease:—

	£.
A special survey of the forests on both banks - - - - - -	888
Increased establishment by addition of two trained men from England	250
And a falling off in grazing fees - - - - - - - - -	266

There was also the falling off in firewood before alluded to. Nevertheless, there was a profit of upwards of 9,000 *l.* on the year.

	£.
Receipts - - - - - - - - - - - -	24,088
Expenditure - - - - - - - - - - -	14,876
Net Revenue - - - £.	9,212

The stock in hand was valued at 5,121 *l.*; but it is not stated whether this exceeds, or falls below, the value of the stock in hand at the beginning of the year. There was also in store at Kotree above 13,000 Babool sleepers not reckoned in the above valuation.

A table is annexed to the report, showing the income and expenditure of the department for the last ten years.

The gross receipts had risen from 12,062 *l.* to 24,088 *l.*

The expenditure had risen from 6,122 *l.* to 14,876 *l.*

And the net profit from 5,940 *l.* to 9,212 *l.*

The total net profit of the ten years being 84,548 *l.*

Mr. Fenner's assistants during the year were Mr. Hexton and Mr. Pengelly and Mr. Dasai, two of the young men trained in France, from 1867–69. They were well spoken of. Mr. Schlich joined the department only at the end of April.

Hyderabad Assigned Districts.

Hyderabad Assigned Districts.

For the Berar Forests the latest Annual Report received is for 1868–9. The following is, therefore, taken from the Administration Report for these districts for 1869–70.

These forests were this year, for the first time, under a special officer of their own, instead of being a part of the charge of the conservator of the Central Provinces.

The staff of the department is now one deputy conservator, Mr. Strettell, who was brought hither from the Sindh Forests; one assistant conservator, and one European forester. The cost of this establishment is 2,606 *l.* a year. Every deputy commissioner is also engaged, as far as practicable, in the work of forest conservancy.

The forests are divided into reserved and unreserved, the former managed directly by the department, whilst the unreserved forest wastes are managed by the ordinary district authorities, under the general superintendence of the forest officers.

In the state forests, restoration and development are regarded as of primary importance, and the privileges of the inhabitants of villages lying within their limits are confined to the felling of timber (except teak and sheesham) for their own wants, free; grazing their cattle under restrictions, and collecting teak leaves and grass for *bonâ fide* domestic purposes.

As a preliminary step to systematic management, the department was divided into two charges, northern, comprising the forests in the Ellichpoor, Oomrawattee, and Akolah Districts, and southern, comprising those in the districts of Booldanah, Bassim and Woon.

It is only in Ellichpoor that reserved, or state forests, have, as yet, been created. These are situated in a rugged tract of country, called the Mailghat. The portion which is within these districts occupies an area of 1,500 square miles. It is inhabited by Ghond and Koorkoo tribes, who gain their chief livelihood by transporting to the plains timber and forest produce, for sale in certain bazaars at the foot of the hills, where the Forest Department collects the duties fixed according to a certain scale. An assistant commissioner stationed in the district has been of use in protecting the interests of these people.

The demarcation of these reserves is only in progress. If the sites selected should prove available, then the entire area of the State forests in this tract alone would amount to 500 square miles, and will embrace the most densely wooded and valuable forest land in the whole range of the Sautpoora hills. The principal timber contained in it, is teak, tewus(*a*), shushum(*b*), bamboos, and kowah(*c*); about 31 square miles has been set apart for specially rigid conservancy; it is patrolled night and day. Every attempt is made to reconcile the wild tribes to the forest rules, by not letting these press too severely upon them, and to bring them to more civilised habits.

a. Dalbergia Ojeiensis.
b. Dalbergia Sissoo.
c. Terminalia Arjuna.

In

Appendix, No. 5.

Hyderabad Assigned Districts.

In regard to plantations, nurseries have been formed, a large quantity of seed sown, and seedlings transplanted. Distinct results in the way of experience and observation, of which an account is given, were also obtained. The amount expended was 68 *l.* 9 *s.*

The unreserved forests constitute at present the larger sections of the natural wooding of Berar. Their usefulness and importance are expressed in the following observations taken at length from the report. "Their comparatively secondary character in a revenue and economic point of view is more than compensated for by their importance meteorologically, that is in their influence on the rainfall and climate of the province, and by the close connection which there is between their condition and the supply of fuel, and of wood for domestic purposes. It seems probable that Berar, like many other parts of the world which are now comparatively bare, was at one time covered, at least in many places, with masses of luxuriant forests, while it is also certain that from whatever cause, the rainfall is not at the present day so copious as it was a few generations ago. All these considerations point to the necessity of forest conservancy being bestowed as carefully on the humbler trees of the coppice whose leaves act upon the atmosphere, and of whose wood may be made the simpler implements of agriculture, as upon the giants of the forest, whose trunks yield timber such as perhaps the shipbuilder in remote dockyards can turn to account; as a matter of fact an increasing scarcity of wood for domestic purposes is now manifesting itself in several parts of the assigned districts, so much so, that the fields are in some instances robbed of their natural manure, through the droppings of the cattle being collected by the poorer classes as fuel, while it is said to be not uncommon to see men, women, and children, grubbing up the jawaree roots for the same purpose."

Taking one district with another, Mr. Strettell was able to report a fair amount of progress in extending and caring for the unreserved forests, for the developement of which much was done during the year. Coppices, or buns of the babool tree (especially the indigenous tree of Berar) were marked off, and attempts were made to introduce a system of coppice rotation in the hills.

Teak cultivation was carried on with decided success in the Oomrawuttee district.

A great deal remains to be done, but the steps taken have, it is hoped, laid good foundations for future progress.

But little timber was felled or sold from the reserved forests, the demand of the people being supplied from the district forests. The principal items of receipt were permit fees (977 *l.*) and grazing dues (784 *l.*).

The financial results of reserved and unreserved forests were,—

	£.		£.
Expenditure -	5,995	Receipts -	14,179
Stock in hand at beginning of year - -	367		
Debts ourstanding at beginning of year -	2,441	2,808	
Stock in hand at the end of the year - -	191		
Debts outstanding at the end of the year -	2,404	2,595	
Balance in favour of year - - -			213
			14,392
Deduct Expenditure - - -			5,995
Total Profit on the Year - - £.			8,397

Mysore Forests—Report for 1869–70.

Mysore

The Report is by Lieutenant Van Someren; it is reviewed by the Chief Commissioner, Colonel Meade, and the Government have issued their observations and instructions upon it. It begins with an introductory account, giving statistics, with a general description of the country. It is sufficient to state that the total area is estimated at 28,449 square miles, and the population at 4,000,000, or an average of 140 the square mile; but there is great inequality of distribution, one district showing 357 to the square mile, another only 38.

It is popularly divided into the Hill Country, Malnád; and the Plain Country, Byhe-Simé.

The 2,870 square miles of forests are roughly divided into State and District forests, the former numbering 370, and of these 45 being evergreen, and 325 deciduous.

The number of the district forests is put down at 2,000 deciduous, and 500 evergreen; but these calculations are only approximate.

The province contains three distinct classes of forest belts of very unequal width, running north and south. The conservator classes them into "Evergreen," "Mixed," and "Dry."

The first belt comprises the country in the western Ghauts and immediately below them, and extends from the northern boundary of Coorg to the north of the Sigara Talook. It is

Appendix, No. 5.

Mysore.

nowhere more than from 12 to 14 miles, and, in places, not more than six in width. "Many of the hills are covered to their summits with heavy forests, while the valleys and ravines produce trees which can scarcely be rivalled in India, so luxuriant is their growth, so vast their height, so great their size. In some parts the under-growth is dense, elsewhere the forest is open, and on all sides trees with clear stems to the first branch of from 80 to 100 feet meet the eye." Seven kinds of valuable trees are specified as growing in these forests, but the wealth of the timber in these forests is almost entirely unproductive, from the difficult nature of the country, although it is pierced by four roads. On the lower western slopes a few trees are occasionally sold standing by the Forest Department.

The Mixed Belt extends the whole length of the province from near Bundipoora in South Ashtagram to the extreme north of the Soraba Talook in Nagar. It varies in width at different points from 10 to 40 or 45 miles. It includes most of the timber-producing State forests, and much sandal-wood, the Kans* of Soraba and other portions of Nagar, the areca-nut, and Cardamom Gardens, the coffee plantations of Nagar and Manjarábád, and the rich rice flats of Sagára, Nagar Kaveledurga, Chikkanagalwan and Heggadadévanakóté. There is no clear line of definition between this and the less useful strip to the west; and for the eastern limit a line may be drawn almost from Amravati in the north, bending first to the south-east between Shikáripura and Honnáli, and thence, after an easterly and a southerly course, to Wastara, and so on through Palyem, and then to the south-east through Antrasanté to Bundapoora. Besides the trees proper to the evergreen forests already mentioned, 30 other kinds are enumerated as the most important trees of this belt. The best teak localities are also pointed out, and other useful and popular woods are named.

The Dry Belt lies to the east, and includes the far larger portion of the whole province. The tree vegetation is inferior, especially near the Bábá Budan hills, which from their elevation arrest much of the rain, which would otherwise pass to the east and north-east. The belt possesses jungle tracts, which are very valuable, and the conservator observes that "the conservation and extension of these tracts is perhaps our most important duty in this dry land." This tract also contains many hundreds of planted groves, natural groves of acacias (chiefly in the Kolar district) and numerous cocoa and areca nut gardens. The sago palm is common in gardens in the mixed belt, and also grown in the Areca nut gardens. The date palm also grows in both. The teak, and many of the other trees common to this with the other belts, are of stunted size. The names of 17† additional trees are given as the most important found in this tract, besides shrubs and bushes. The conservator gives an account of the divisions of Nagar, Ashtagram and Nundidroog, into which the province is partitioned, and of the districts and chief towns in them. He states the arrangements made to provide for the wants of the population. No legal rights ever existed in the State forests of Mysore, and no hardship has been caused to the population. In some cases, where people have been excluded from small portions of land cultivated in the middle of the forests, they have been "liberally compensated." The list of State forests is not yet complete, "more land will, with great advantage to the public and to Government, be added to it by degrees."

The teak plantations are being made, but as yet they have not proved very successful, although St. Van Someren does not think that all attempts at planting should be abandoned, he is against extensive plantations planted out from nurseries, and would rely chiefly upon re-producing the better class of timber in the natural forests. He holds it to be proved "that Mysore teak is tougher and closer grained and will bear a greater breaking weight than Burmah teak, but it is very much smaller and * * *' of slower growth." "On the other hand Mysore produces several good timbers which are but little inferior to teak, and in which we cannot be undersold." Burmah teak is largely used in the Madras districts.

Only in the Nundidroog division have any fuel reserves been yet made, but the question of fuel is becoming of great importance, especially in the neighbourhood of Bangalore, and to provide for the wants of the railway. The Government of India has directed that the measures with this object should be pushed on with all diligence. Wood is imported from Madras and Coorg.

Sandal wood is sown in inclosed reserves; it seems likely to succeed by broad-cast sowings on prepared ground; but attempts to form nurseries by transplanting have failed. The ryots dislike having the trees in their fields, as it is in all cases strictly reserved. Paragraphs 56 to 61 give an account of this valuable wood from which the following facts are taken: It grows largest and highest with a moderately heavy rain-fall, but the perfume is not so strong in arid localities where the soil is red and stony. The heartwood and roots are the portions which are most highly scented and rich in oil; the older the tree the nearer the heartwood comes to the surface. The tree attains maturity in about 25 years; and its girth in that state varies from 18 to 36 or 40 inches. The best parts are used for ornamental articles. The roots and chips, which are richest in oils, go to the still, and are the basis of many scents. It is burnt by rich natives at the burial of deceased relations. It is sold by weight, and not by measurement, in lots of 10 kandis or 2½ tons each. The province is divided into 24 sandal districts under managers and their assistants, who mark and collect the wood. By far the greater portion of the wood yearly sold in Mysore goes to Bombay.

Forest rules have been drawn up and acted upon. The services of Lieut. Van Someren, of his assistant, Mr. Dobbs, and of Mr. Ludlow, are commended.

The

* Tracts of forest land originally annexed to wurgs or farms for the sake of leaves for manure, firewood, &c., but of late irregularly cultivated with coffee.

† Making 55 specified in the three belts.

The financial results are pronounced by the Government of India to be not so favourable as they have been during the last two years; but, not unsatisfactory.

	£.
Receipts - - - - - - - - - -	29,521
Expenditure - - - - - - - - -	10,425
	19,096
Excess value of Stock - - - -	603
TOTAL PROFIT - - - £.	19,699

The Government, however, point ont that there is some discrepancy as to the value of the stock.

The quantity felled in the three divisions in the year was:—

Teak - - - - - - - - -	16,694 cubic feet.
Jungle wood - - - - - - -	33,928 „
TOTAL - - - £.	50,622 „

besides 98 teak poles and 515 branch pieces.

2,144 kandis (560 lbs.) of sandal wood were collected during the year.

There were 9,417 logs and poles of timber in store at the end of the year, and 1,245 kandis of sandal wood, estimated to be worth 16,383*l.*

The sales of minor forest products are small; but those by forest officers are distinct from those made by the district authorities, who lease out the minor products. This year they were sold to contractors.

SUMMARY of DIGEST of FOREST REPORTS for 1869–70.

—	Receipts.	Charges.	Difference, Cash Surplus, or Deficit.	Difference in Value of Timber Assets, and Outstandings at beginning and end of Year.	Net Profit on the Year.	Value of Timber in hand at the close of the Year.	Yield of Wood in 1869–70.
	£.	£.	£.	£.	£.	£.	
Burmah - - - -	98,487	41,538	56,949	5,694	50,955	15,256	137,331 logs, and 5,853 converted pieces.
Oudh - - - -	10,682	10,517	165	4,355*	4,520	14,647	3,193 logs.
Central Provinces - -	38,178	47,318	9,140 Deficit.	25,887*	16,747	30,485	22,774 1st class sleepers, besides 32,647 = 30,588 not apparently to be reckoned this year.
Coorg - - - -	10,815	3,308	7,507	Not given -	- -	7,507	1,116 logs and 367 kandis (550 lbs.), 24 maunds of sandal wood.*
Punjaub - - - -	39,413	71,366	31,953 Deficit.	30,999*	954 Loss.	34,059	60,161 logs.
North Western Provinces -	64,836	38,365	26,471	1,827	24,641	16,089	146,654 pieces.
Bengal - - - -	11,375	9,587	1,788	1,894*	3,682	29,144	4,026 logs and sleepers.
Madras - - - -	49,579	28,669	20,910	Not given†	- -	28,910	Not stated.
Bombay - - - -	102,343	41,348	60,995	3,176	57,819	22,928	550,525 pieces, besides 10,245 kandies (560 lbs,) and 4,352½ tons‡.
Sindh - - - -	24,088	14,876	9,212	Not given -	- -	9,212	1,652,106 cubic feet.
Net British Revenue	449,796	306,892	183,997* 41,093	63,135* 10,697	157,413 142,904	208,237	
			142,904	52,438	300,317		
Hyderabad Assigned Districts.	14,179	5,995	8,184	213*	8,397	191	But little felled.
Mysore - - - -	29,521	10,425	19,096	603*	19,699	16,383	50,622 cubic feet, besides 98 teak poles, 515 branch pieces, and 2,144 kandis (560 lbs.) of sandal wood.
TOTAL Transactions of Forest Administration -	493,496	323,312	170,184	53,254	328,413	224,811	

* Besides timber to the value of 191 *l.*, and 38 logs given to public departments.

† Since received. *See* separate Statement, showing a decrease in the value of stock to the amount of £. 11,813

Thus reducing the TOTAL Net Profit of the Forest Administration for the Year to £. 316,600

‡ Besides wood to the value of 1,922 *l.* given gratis.

Appendix, No. 5
Mysore.

FINANCIAL STATEMENT of the Forest Conservancy Department for the Official Year 1869-70.—Madras Presidency.

FOREST RANGES.		Charges. 1869-70.	Revenue. 1869-70.	Value of Stock of Timber on the 31 March 1869.	Value of Stock of Timber on the 31 March 1870.
		Rs.	*Rs.*	*Rs.*	*Rs.*
Ganjam	Gumsur and Suradah	4,427	8,019		
Vizagapatam	Golgondah	782	135		
	Cuddapah	18,252	80,288		
	Bellary and Cuddapah	2,096	—		
	Kurnool	10,848	48,219		
	North Arcot	5,526	8,236		
	South Arcot	2,167	4,516		
	Madura	9,006	4,418		
	Tinnevelly	9,208	20,489		
Coimbatore	Annamally	38,616	88,915		
	Bolumputty	6,246	13,351		
Neilgherries	Mudumallay	47,380	47,978		
	Neilgherry Sholas	2,914	—		
	Wellington A, Plantation	1,503	—		
Coimbatore	Sigur and Sattiamungalum	10,700	21,465		
	Bhowany	5,623	14,377		
	Collegal	7,629	18,828		
	Salem	29,641	64,707		
	South Canara	16,963	30,600		
Malabar	Wynaad	11,078	10,794		
	Nellamboor	18,414	10,454		
	TOTAL - - - *Rs.*	2,59,019	4,95,789	5,59,034	4,40,903
	Pay of the Conservator of Forests - - - Establishments and Office Contingencies - -	27,672		4,46,903	
	TOTAL - - - *Rs.*	2,86,691		1,18,131	
	Deduct expenditure - - - - - -		2,86,691		
			2,09,098		
	Less value of timber - - - - -		1,18,131		
	Actual profit to Government - - - *Rs.*		90,967		

	1856-7.	1857-8.	1858-9.	1859-60.	1860-1.	1861-2.	1862-3.	1863-4.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Revenue - - -	2,37,439	1,50,569	1,19,751	5,03,441	3,52,448	2,17,284	1,82,449	2,43,643
Charges - - -	1,05,647	77,405	89,524	1,09,851	1,68,716	2,12,851	1,75,778	2,04,302
Surplus - - *Rs.*	1,31,792	73,164	30,227	3,93,590	1,83,732	4,433	6,671	39,341

	1864-5.	1865-6.	1866-7.	1867-8.	1868-9.	1869-70.	TOTALS.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Revenue - - -	3,30,570	3,21,580	3,38,610	4,24,154	3,91,179	4,95,789	43,08,906
Charges - - -	1,96,958	2,59,801	2,12,149	2,72,840	2,69,700	2,86,691	26,42,213
Surplus - - *Rs.*	1,33,612	61,779	1,26,461	1,51,314	1,21,479	2,09,098	16,66,693

EXTRACT from Madras Forest Report for 1869-70. Appendix, No. 5.

185. *Section F.—General Remarks.—Expenditure on Planting during the Year.*—From the operations recorded under the head of "Plantations and Reserves," it will be seen that the following has been expended in planting during the year:—

	Plantations.	Fuel Reserves.
	Rs. a. p.	*Rs. a. p.*
Salem	1,419 7 0	698 13 0
South Arcot	- - -	184 6 0
Cuddapah	5,219 9 5	144 0 0
Bellary	2,384 9 8	—
North Arcot	2,704 8 10	—
Kurnool	509 0 0	—
Madura	519 11 11	—
Mudumallay	1,366 1 10	—
Seegur and Suttiamungalum	839 13 7	—
Collegal	74 2 10	—
South Canara	895 0 2	—
Bolumputty	- - -	455 0 3
Nellumbur Teak Plantation	18,416 1 0	—
TOTAL	34,348 2 3	1,392 3 3

TOTAL on Planting - - - *Rs.* 35,740. 5. 6.

186. *Amount of Timber, &c., Firewood, Bamboos, and Charcoal taken from the Forests during the Year.*—"Omitting the district of Gumsur, the following are tables showing the amount of timber, firewood, bamboos, and charcoal taken out of this forest during the year. It will be seen that 9,30,010½ cubic feet have been removed from the forests during the year.

"Omitting the free felling of firewood in Salem, Cuddapah, and North Arcot, as well as bamboos in Salem, of which no record has been kept, 57,434 tons of firewood have been removed, and 33,213½ bandy loads of bamboos. In addition to the above, 16,504½ maunds of sandal wood, 1,161,799 lbs of red sanders, and 1,588 telegraph poles, have been cut during the year."

AMOUNT of Timber, Firewood, Bamboos and Charcoal taken out of the Forest during the Year.

DISTRICTS.	Timber.		Firewood.	Bamboos.	Charcoal.
	Department.	License and Voucher.			
	Cubic feet.	*Cubic feet.*	*Tons.*	*Bandyloads.*	*Tons.*
Cuddapah	- -	136,460	25,989	1,017	75
Kurnool	- -	350,920	1,083	7,559	323
North Arcot	- -	31,688¾	2,118	6,392½	562
Salem	8,420	18,887	13,536	8,459	1,814
South Arcot	2,243	14,441	516	933	155

Appendix, No. 5.

Amount of Timber, Firewood, Bamboos and Charcoal, taken out of the Forest during the Year—*contd.*

Districts.	Timber.		Firewood.	Bamboos.	Charcoal.
	Department.	License and Voucher.			
	Cubic feet.	*Cubic feet.*	*Tons.*	*Bandy loads.*	*Tons.*
Madura	2,210	9,884	443	1,399.	77
Tinnevelly	235	102,604	4,643	67	622
Anamallay	11,567	1,100	499	1,675	7
Bolumputty	3,118	400	2,395	1,324	0½
Nellumbur	11,515	—	—	—	—
Wynaad	5,825	—	—	—	—
South Canara	9,342¼	10,715	—	—	—
Mudumallay	22,402½		14½	361	—
Seegur		4,760	353	635	5
Bhowani		15,460	389½	1,159	8
Collegal		3,760	823	824	5
Total	76,877¾	701,079¾	52,802	31,804½	3,653½

Total Timber paid for - - - 777,957½

Free Felling.

Districts.	Timber.	Firewood.	Bamboos.
	Cubic feet.	*Tons.*	*Bandy loads.*
Cuddapah	24,000	no record kept	332
North Arcot	3,080	no record kept	154
Kurnool	11,340	2,165½	379
Salem	44,996	no record kept	no record kept.
South Arcot	44,140	330½	220
Madura	10,856	165	54
Tinnevelly	8,910	1,760	12
Anamallay	4,731	211	258
Total	152,053	4,632	1,409

APPENDIX, No. 1.

STATEMENTS showing the result of FOREST OPERATIONS in the several Administrations of BRITISH INDIA for a Series of Years to 1869–70 (inclusive), with such distinctions as it has been possible to supply, taken from the Annual Reports; also,

A STATEMENT of the general Results for all INDIA (omitting Hyderabad Assigned Districts, and Mysore), from 1863–64 to the Estimate for 1871–72, taken from the Forest Budget Estimate for that Year.

CONTENTS.

	Page
Result of Forest Operations in British Burmah for 12 years, viz., from 1856–57 to 1867–68	652
Statement for 12 years, continued for two years more to 1869–70	652
Cash Account:	
Oudh, 1861–62 to 1869–70	653
Central Provinces, 1864–65 to 1869–70	653
Coorg, 1863–64 to 1869–70	653
Punjab, 1864–65 to 1869–70	654
North West Provinces, 1864–65 to 1869–70	654
Cash Account—*continued.*	
Bengal, 1865–66 to 1869–70	654
Madras, Revenue from formation of Department to 1868–69	655
„ Charges ditto	656
Bombay, 1859–60 to 1869–70	657
Sindh, 1860–61 to 1869–70	657
Hyderabad, 1864–65 to 1869–70	658
Mysore, 1864–65 to 1869–70	658
Total Amounts for all India "omitting Mysore and the Berars," since 1863–64 taken from the Forest Budget for 1871–72	658

STATEMENT exhibiting Result of Forest Operations in British Burmah for 12 Years, viz., from 1856-7 to 1867-8.

YEARS.	BRITISH TIMBER.			Foreign Timber.	GRAND TOTAL of Operations.	RECEIPTS.					ESTABLISHMENT AND WORKING CHARGES.				REMARKS.
	Government Agency.	Permit Agency.	TOTAL.			Government Agency.	Permit Dues.	Duty on Foreign Timber.	Miscellaneous Receipts.	TOTAL.	Government Agency.	Permit Agency.	Foreign Timber Agency.	TOTAL.	
	Tons.	*Tons.*	*Tons.*	*Tons.*	*Tons.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	
1856-57	19,066	–	19,066	73,460	92,526	2,81,480	–	2,52,698	274	5,34,452	1,56,329	–	7,500	1,63,829	
1857-58	12,732	–	12,732	49,133	61,865	1,61,183	–	1,75,399	2,776	3,39,358	2,55,113	–	7,500	2,62,613	
1858-59	20,462	–	20,462	44,948	65,410	7,71,646	70,880	1,83,040	4,889	10,30,455	1,99,039	61,372	7,500	2,67,911	
1859-60	9,977	3,911	13,888	49,287	63,175	3,39,796	44,090	1,94,256	5,058	5,83,200	1,73,638	24,748	7,500	2,05,886	*Approximate.
1860-61	6,790	9,079	15,869	61,704	77,573	4,51,841	93,657	2,30,726	13,396	7,89,620	2,71,754	17,724	7,500	2,96,978	
1861-62	14,013	8,024	22,037	76,759	98,796	2,63,602	1,17,914	3,02,484	10,369	6,99,369	2,61,623	60,711	7,500	3,29,834	
1862-63	16,369	19,530	35,899	68,078	103,977	1,80,141	1,65,794	2,30,827	7,552	5,84,314	2,59,683	50,247	7,500	3,17,430	
1863-64	10,297	22,655	32,952	75,681	108,633	2,91,482	2,44,621	2,17,971	11,545	7,65,619	1,64,485	59,617	11,598	2,35,700	
1864-65	6,472	12,829	19,301	82,849	102,150	3,72,521	2,35,357	2,83,207	45,147	9,36,232	1,53,828	58,626	50,786	2,63,240	
1865-66	14,262	23,657	37,919	101,448	139,367	3,98,481	2,24,462	2,47,618	28,068	8,98,629	2,14,647	61,217	36,203	3,12,067	
1866-67	9,793	21,756	31,549	55,867	87,416	1,64,085	1,09,362	1,25,555	25,051	4,24,053	1,95,507	60,179	29,050	2,85,136	
1867-68	8,646	24,458	33,104	73,703	106,807	2,35,435	2,04,219	1,85,755	22,182	6,47,591	2,40,699	63,760	23,928	3,28,387	
TOTAL	148,879	145,899	294,778	812,917	1,107,695	39,16,693	15,10,356	26,29,536	1,76,307	82,32,893	25,46,745	5,18,201	2,04,065	32,69,011	

British Timber—Government Agency, 148,879 tons, average market value 45 rupees per ton, = 66,99,555 rupees.
Permit " 145,899 " " " " " 65,65,455 "
Foreign Timber - - - 812,917 " " " " " 3,65,81,265 "
GRAND TOTAL - 1,107,695 " VALUE - 4,98,46,275 "

STATEMENT for 12 Years continued for Two Years more to 1869-70.

YEARS.	BRITISH TIMBER.			Foreign Timber.	GRAND TOTAL.	RECEIPTS.					ESTABLISHMENT.				REMARKS.
	Government Agency.	Permit Agency.	TOTAL.			Government Agency.	Permit Dues.	Duty on Foreign Timber.	Miscellaneous.	TOTAL.	Government Agency.	Permit Agency.	Foreign Timber Agency.	TOTAL.	
	Tons.	*Tons.*	*Tons.*	*Tons.*	*Tons.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	
1856-57 to 1867-68	148,879	145,899	294,778	812,917	1,107,695	39,16,693	15,10,356	26,29,536	1,76,307	82,32,893	25,46,745	5,18,201	2,04,065	32,65,011	
1868-69	21,333	30,919	52,257	62,625 logs	104,514 tons 62,625 logs	2,81,626	2,87,107	2,14,003	35,172	8,17,911	3,19,625	52,220	22,360	3,94,205	
1869-70	16,150	23,692	39,842	44,262 "	79,684 tons 44,262 logs	5,30,005	2,75,113	1,38,548	41,206	9,84,875	2,60,251	68,645	17,835	3,46,731	
GRAND TOTAL	186,367	200,510	386,877	812,917 tons and 106,887 logs	1,291,893 tons and 106,887 logs	£. 472,832	£. 207,258	£. 298,209	£. 25,268	£. 1,003,568	£. 312,662	£. 63,907	£. 24,426	£. 400,595	

Appendix, No. 5.

Oudh Forests.—Cash Account.

Years.	Revenue.	Expenditure.	Deficit.	Surplus.
	Rs.	*Rs.*	*Rs.*	*Rs.*
1861–62	4,033	38,131	34,098	—
1862–63	59,295	58,812	- -	483
1863–64	92,245	38,803	- -	53,442
1865–66	1,19,969	58,769	- -	61,200
1866–67	2,01,246	59,572	- -	1,41,674
1867–68	66,452	93,633	27,181	—
1868–69	1,31,822	89,180	- -	42,642
1869–70	1,06,821	1,05,167	- -	1,654
Total *Rs.*	7,81,883	5,42,067	61,279	3,01,095
			Deduct Deficit	61,279
			Surplus *Rs.*	2,39,816

Central Provinces Forests.—Cash Account.

Years.	Receipts.	Charges.			Deficit.	Surplus.
		Conservancy and Working.	Establishment.	Total.		
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
1864–65	89,307	35,610	61,946	97,556	8,249	—
1865–66	2,02,644	38,504	74,994	1,13,498	- -	89,146
1866–67	3,67,095	46,817	81,041	1,27,858	- -	2,39,237
1867–68	3,49,491	1,13,068	99,031	2,12,099	- -	1,37,392
1868–69	3,51,014	1,86,925	1,07,729	2,94,654	- -	56,360
1869–70	3,81,783	3,65,801	1,07,387	4,73,189	91,406	—
Total *Rs.*	17,41,334	7,86,725	5,32,128	13,18,854	99,655	5,22,135
				Deduct Deficit		99,655
				Total Profit *Rs.*		4,22,480

Coorg Forests.—Cash Account.

Years.	Receipts.	Charges.			Profit.
		Conservancy.	Establishments.	Total.	
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*
1863–64	80,690	- -	576	576	80,114
1864–65	1,02,218	4,688	4,201	8,889	93,329
1865–66	1,08,257	3,995	8,654	12,649	95,608
1866–67	31,934	- -	- -	11,552	20,382
1867–68	77,746	- -	- -	13,944	63,802
1868–69	74,448	7,175	9,301	16,476	57,972
1869–70	1,08,152	22,851	10,231	33,082	75,070
Total *Rs.*	5,83,445	- -	- -	97,168	4,86,277

Appendix, No. 5.

Punjab Forests.—Cash Account.

Years.	Receipts.	Charges.	Deficit.	Surplus.
	Rs.	*Rs.*	*Rs.*	*Rs.*
1864–65 - - - -	2,95,730	2,46,785	- -	48,945
1865–66 - - - -	2,08,050	2,72,078	64,028	—
1866–67 - - - -	2,31,470	2,55,630	24,160	—
1867–68 - - - -	2,79,297	2,73,875	- -	5,422
1868–69 - - - -	3,45,164	3,09,344	- -	35,820
1869–70 - - - -	3,94,132	7,13,654	3,19,522	—
Total - - *Rs.*	17,53,843	20,71,366	4,07,710	90,187
			90,187	
		Total Deficit - - *Rs.*	317,523	

North West Provinces Forests.—Cash Account.

Years.	Receipts.	Charges.	Surplus.
	Rs.	*Rs.*	*Rs.*
1864–65 - - - -	6,39,010	3,95,722	2,43,288
1865–66 - - - -	6,50,401	2,92,514	3,57,887
1866–67 - - - -	5,77,954	3,11,897	2,66,057
1867–68 - - - -	5,11,191	2,89,388	2,21,803
1868–69 - - - -	6,53,389	4,11,778	2,41,611
1869–70 - - - -	7,26,255	4,23,410	3,02,845
Total - - *Rs.*	37,58,200	21,24,709	16,33,491

Bengal Forests.—Cash Account.

Years.	Receipts.	Charges.	Surplus.	Deficit.
	Rs.	*Rs.*	*Rs.*	*Rs.*
1865–66 - - - -	38,584	35,772	2,812	—
1866–67 - - - -	50,555	1,04,207	- -	53,652
1867–68 - - - -	75,687	1,65,605	- -	89,918
1868–69 - - - -	2,24,546	1,26,257	98,289	—
1869–70 - - - -	1,13,753	95,874	17,879	—
Total - - *Rs.*	5,03,125	5,27,715	118,980	143,570
				118,980
			Total Deficit - - *Rs.*	24,590

Statement showing the Revenue of the Madras Forests since the Formation of the Conservancy Department to 1868-69.

DISTRICTS.	FORESTS.	1856-57.	1857-58.	1858-59.	1859-60.	1860-61.	1861-62.	1862-63.	1863-64.	1864-65.	1865-66.	1866-67.	1867-68.	1868-69.	TOTALS.
		Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Ganjam	Gumsur and Surada	-	-	-	-	-	-	1,197	1,460	6,446	2,656	11,057	6,841	6,239	35,916
Vizagapatam	Golgondah	-	-	-	-	-	-	-	-	-	27	184	284	378	873
Cuddapah	Cuddapah	-	-	-	-	4,131	5,482	10,721	21,652	29,164	27,493	25,877	36,667	38,444	1,99,631
Kurnool	Kurnool	-	-	-	-	-	-	17,183	37,288	39,482	33,671	21,366	36,189	41,046	2,26,225
North Arcot	North Arcot	-	-	-	-	-	-	1,373	2,572	4,238	5,620	2,743	9,910	11,126	37,502
South Arcot	South Arcot	-	-	-	-	-	-	-	2,316	4,196	2,828	3,001	4,310	3,221	19,872
Madura	Madura	-	-	-	-	2,568	6,526	4,920	3,188	6,383	6,529	5,580	5,030	10,523	51,247
Tinnevelly	Tinnevelly	-	-	-	-	-	-	-	-	-	-	2,364	8,156	13,708	24,228
Coimbatore	Annamallay	76,800	79,912	9,835	2,65,953	44,078	22,091	75	38,165	21,032	11,184	12,040	58,959	30,489	6,70,613
	Chenat Nair and Bolomputty	-	-	-	-	-	-	-	-	988	361	405	12,177	4,477	18,408
	Mudumallay	-	-	-	-	2,500	37,936	62,731	15,287	48,847	67,571	69,611	65,059	60,014	4,29,556
	Sigur and Suttiamungalum	-	-	-	2,593	11,657	25,007	27,641	32,720	27,844	28,269	26,514	29,152	23,359	2,34,756
	Bhowani	-	-	-	-	-	-	-	6,417	540	14,778	16,292	15,895	15,856	69,778
	Collegal	-	-	-	-	-	-	-	-	17,027	16,853	16,867	17,816	15,339	84,802
	Neilgherry Sholas	-	-	-	910	4,423	6,246	4,245	4,019	4,984	3,901	4,321	4,550	3,681	41,280
	Australian Plantation	-	-	-	-	-	-	83	154	780	564	514	934	108	3,137
Salem	Salem	-	-	9,311	29,482	15,376	15,906	22,549	31,424	40,332	34,734	57,519	53,567	66,820	3,77,020
North Canara	North Canara	1,60,639	70,657	1,00,605	1,99,434	2,53,149	83,298	-	-	-	-	-	-	-	8,67,782
South Canara	South Canara	-	-	-	5,069	9,951	8,594	6,560	20,319	21,183	17,269	23,924	40,043	30,064	1,82,976
Malabar	Wynnad	-	-	-	-	-	5,390	5,351	18,655	10,254	32,651	11,425	15,518	381	99,625
	Hoonsur	-	-	-	-	-	-	98	1,296	18,791	-	-	-	-	20,185
	Nellumbur	-	-	-	-	4,615	808	17,722	6,691	27,159	14,621	27,006	3,097	15,006	1,17,625
	TOTAL Rs.	2,37,439	1,50,569	1,19,751	5,03,441	3,52,448	2,17,284	1,82,449	2,43,643	3,30,570	3,21,580	3,38,610	4,24,154	3,91,179	38,13,117

STATEMENT showing the CHARGES of the MADRAS FORESTS since the Formation of the Conservancy Department to 1868-9.

DISTRICTS.	FORESTS.	1856-7.	1857-8.	1858-9.	1859-60.	1860-1.	1861-2.	1862-3.	1863-4.	1864-5.	1865-6.	1866-7.	1867-8.	1868-9.	TOTALS.
		Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Ganjam	Gumsur and Surada	-	-	-	-	-	-	743	1,368	1,747	8,740	2,993	4,535	3,296	23,422
Vizagapatam	Golgondah	-	-	-	-	-	-	-	-	-	410	1,095	1,238	905	3,648
Cuddapah	Cuddapah	-	-	-	-	1,258	2,759	3,461	5,560	6,795	7,223	6,259	6,596	10,360	50,271
Kurnool	Kurnool	-	-	-	-	-	-	1,750	3,421	4,903	9,652	11,035	8,787	14,509	54,057
North Arcot	North Arcot	-	-	-	-	-	-	332	528	1,053	2,392	2,117	3,673	5,188	15,483
South Arcot	South Arcot	-	-	-	-	-	-	-	360	308	360	480	2,343	3,190	7,041
Madura	Madura	-	-	-	-	1,517	2,154	4,952	4,442	3,478	5,599	6,464	7,704	6,134	42,444
Tinnevelly	Tinnevelly	-	-	-	-	-	-	-	-	-	-	363	1,255	7,001	8,619
Coimbatore	Annamallay	42,018	35,398	33,013	22,485	29,912	42,201	33,839	37,278	31,446	28,445	19,136	33,210	31,045	4,19,426
	Chenat, Nair, and Bolumputty	-	-	-	-	-	-	-	-	-	208	1,097	1,313	4,626	8,166	15,410
	Mudumallay	-	-	-	-	16,346	34,347	44,024	37,292	43,855	64,591	42,072	54,164	49,795	3,86,786
	Sijur and Suttiamungalum	-	-	-	2,148	5,201	5,643	13,570	14,047	7,525	11,554	9,663	10,538	7,431	87,340
	Bhowani	-	-	-	-	-	-	-	-	2,637	2,113	7,906	6,643	6,676	6,046	32,021
	Collegal	-	-	-	-	-	-	-	-	-	5,698	6,174	7,730	7,103	6,806	33,511
	Neilgherry Sholas	-	-	-	50	4,788	8,865	9,414	3,643	3,812	5,965	4,500	5,417	5,280	51,734
	Australian Plantation	-	-	-	-	-	-	1,639	2,259	1,583	2,168	1,640	1,757	1,518	12,564
Salem	Salem	-	-	3,048	4,040	4 363	7,245	13,079	14,250	8,820	12,206	19,617	36,679	28,420	1,51,667
North Canara	North Canara	44,491	22,869	34,325	58,498	78,394	75,319	-	-	-	-	-	-	-	3,13,896
South Canara	South Canara	-	-	-	907	1,682	2,940	4,944	9,606	15,984	18,188	19,587	17,708	21,864	1,13,410
Malabar	Wynaad	-	-	-	-	2,555	5,211	12,096	24,827	15,923	20,526	17,039	17,177	8,219	1,23,573
	Hoonsur	-	-	-	-	-	-	2,098	7,475	4,613	-	-	-	-	14,186
	Nellumbur	-	-	-	-	2,907	3,779	6,740	13,925	16,039	18,074	12,248	14,286	17,308	1,05,306
Madras	Central Office	19,138	19,138	19,138	21,723	19,793	22,388	23,097	21,384	21,055	28,231	20,235	27,168	27,219	2,89,708
	TOTAL *Rs.*	1,05,647	77,405	89,524	1,09,851	1,68,716	2,12,851	1,75,778	2,94,302	1,96,958	2,59,801	2,12,149	2,72,840	2,69,700	23,55,522

Bombay Forests.—Cash Account.

Years.	Receipts.	Expenditure.	Profit.
	Rs.	*Rs.*	*Rs.*
1859–60 - - - -	4,66,903	1,01,286	3,65,617
1860–61 - - - -	4,10,172	1,44,984	2,65,188
1861–62 - - - -	3,89,706	2,26,403	1,63,303
1862–63 - - - -	5,84,728	98,288	4,86,440
1863–64 - - - -	5,98,370	1,52,613	4,45,757
1864–65 - - - -	8,16,668	3,92,482	4,24,186
1865–66 - - - -	7,30,347	6,33,916	96,431
1866–67 - - - -	5,68,946	5,00,701	68,245
1867–68 - - - -	6,81,999	4,18,440	2,63,559
1868–69 - - - -	9,64,527	4,61,759	5,02,768
1869–70 - - - -	10,22,083	4,13,477	6,08,606
Totals - - - *Rs.*	72,34,449	35,44,349	36,90,100

Sindh Forests.—Cash Account.

Comparative Statement of Income and Expenditure of the Sindh Forests for the past Ten Years.

—	1860–61.	1861–62.	1862–63.	1863–64.	1864–65.	1865–66.	1866–67.	1867–68.	1868–69.	1869–70.	Total.
	Rs.	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*	*Rs.*
Firewood - -	62,538	66,189	37,104	1,14,271	1,69,266	1,68,145	1,55,771	1,56,200	1,52,656	1,47,230	12,29,370
Building wood -	10,091	9,777	16,407	27,253	36,910	38,394	38,563	41,279	12,765	24,960	2,50,399
Grazing fees -	33,448	29,625	31,997	28,639	32,890	32,556	28,747	31,933	35,016	32,357	3,17,208
Tow (facines of tamarisk).	722	677	658	538	850	1,236	493	122	174	133	5,603
Charcoal - -	2,351	1,166	1,196	899	652	859	741	1,087	1,015	1,250	11,216
Fisheries - -	1,742	1,477	1,582	1,685	2,015	2,584	2,844	3,355	3,094	3,415	23,793
Grasses - -	680	361	394	710	702	614	413	600	635	484	5,623
Lac - - -	365	—	502	711	1,209	82	—	175	525	40	3,609
Fines - - -	2,544	2,262	1,858	1,083	1,064	1,575	974	884	1,617	1,159	15,020
Babool pods -	5,779	6,177	4,000	4,545	5,166	4,764	—	4,164	5,684	4,878	45,151
Recoveries of unadjusted bills.	—	—	—	—	—	—	—	—	—	—	—
Land revenue from cultivation within forest limits.	—	—	—	7,130	15,116	17,230	17,904	15,069	21,477	24,021	1,18,547
Miscellaneous, including Mangoes, Babool Vegetable Seeds and Honey	357	937	1,966	899	444	65	578	1,724	853	955	8,778
Total - - *Rs.*	1,20,617	1,18,648	97,664	1,82,363	2,66,278	2,68,104	2,47,058	2,57,192	2,35,511	2,40,882	20,34,317
Expenditure -	61,217	57,410	56,835	1,08,451	1,60,762	1,59,056	1,48,053	1,58,381	1,29,901	1,48,765	11,88,831
Net Profit - *Rs.*	59,400	61,238	40,829	73,912	1,05,516	1,09,048	99,005	98,811	1,05,610	92,117	8,45,486

Ranger's Office, 20 May 1870.

W. A. Fenner,
Forest Ranger in Sind.

Appendix, No. 5.

Hyderabad Forests.—Cash Account.

Years.	Receipts.	Charges.	Surplus.
	Rs.	*Rs.*	*Rs.*
1864–65 - - - -	2,368	478	1,890
1865–66 - - - -	15,106	8,991	6,115
1866–67 - - - -	43,574	13,718	29,856
1867–68 - - - -	53,446	18,341	35,105
1868–69 - - - -	84,556	34,105	50,451
1869–70 - - - -	1,45,481	80,710	64,771
Total - - - *Rs.*	3,44,531	1,56,343	1,88,188

Mysore Forests.—Cash Account.

Years.	Receipts.	Charges.	Surplus.
	Rs.	*Rs.*	*Rs.*
1864–65 - - - -	3,16,331	67,040	2,49,291
1865–66 - - - -	3,42,959	97,747	2,45,212
1866–67 - - - -	2,66,020	85,988	1,80,032
1867–68 - - - -	4,10,012	1,10,042	2,99,970
1868–69 - - - -	3,51,476	1,19,951	2,31,525
1869–70 - - - -	2,95,218	1,04,250	1,90,968
Total - - - *Rs.*	19,82,016	5,85,018	13,96,998

Total Amounts for all India (omitting Mysore and the Berars) since 1863–4 taken from the Forest Budget for 1871–2

——	Receipts.	Charges.	Surplus.
	Rs.	*Rs.*	*Rs.*
1863–64, Actuals - - -	30,44,430	—	—
1864–65 „ - - -	35,20,022	18,62,461	16,39,561
1865–66 „ - - -	35,63,382	21,36,387	14,16,995
1866–67 „ - - -	30,44,183	20,51,145	9,93,038
1867–68 „ - -	33,15,884	22,44,564	10,71,320
1868–69 „ - - -	42,00,737	26,02,845	15,97,892
1869–70 „ - - -	45,80,953	31,32,833	14,48,120
1870–71, Regular Estimate -	46,82,708	39,20,491	7,62,217
1871–72, Budget Estimate -	57,32,200	45,15,692	12,16,508

APPENDIX No. 2.

TABULAR STATEMENTS showing the Amounts realised by, and paid on Account of, different Classes of TIMBER received on Government Account in BRITISH BURMAH, from 1864-5 to 1869-70; also,

STATEMENTS of the RECEIPTS of the Forest Department in the several Administrations for the Year 1868-9, showing how the Revenue is derived from all Sources, and distinguishing, in as far as is possible, the Timber which has been cut down by Individuals under Licenses, and showing how much has been realised by the Timber and how much by the Licenses.

CONTENTS.

BRITISH BURMAH.

	PAGE
Abstract of Receipts during the Year 1864-5	660
Amount Expended on account of Different Classes of Timber received on Government Account in 1864-5	661
Amount Realised on account of Different Classes of Timber received on Government Account and sold in 1864-5	662
Abstract of Receipts during 1865-6	663
Amount Expended on account of Different Classes of Timber received on Government Account in 1865-6	664
Amount Realised on account of Different Classes of Timber received on Government Account and sold in 1865-6	665
Abstract of Receipts during 1866-7	666
Amount Expended on account of Different Classes of Timber received on Government Account in 1866-7	667
Amount Realised on account of Different Classes of Timber received on Government Account and sold in 1866-7	668
Annual Summary of Revenue in Different Divisions during 1867-8	669
Amount Expended on account of Different Classes of Timber received on Government Account in 1867-8	670
Amount Realised on account of Different Classes of Timber received on Government Account and sold in 1867-8	671
Annual Summary of Revenue in the Different Divisions during 1868-9	672
Amount Expended on account of Different Classes of Timber received on Government Account in 1868-9	673
Amount Realised on account of Different Classes of Timber received on Government Account and sold during 1868-9	674
Annual Summary of Revenue in the Different Divisions during 1869-70	675
Amount Expended on account of Different Classes of Timber received on Government Account during 1869-70	676
Amount Realised on account of Different Kinds of Timber received on Government Account during 1869-70	677

Receipts	British Burmah	1868-9		678
Ditto	Oudh	ditto		678
Ditto	Central Provinces	ditto		678
Ditto	Coorg	ditto		679
Ditto	Punjab	ditto		679
Note on above				679
Receipts	North Western Provinces	1868-9		679
Ditto	Bengal	ditto		679
Ditto	Madras	ditto		680
Ditto	Bombay	ditto		680
Ditto	Sindh	ditto		680
Ditto	Berar	ditto		680
Ditto	Mysore	ditto		680

BRITISH BURMAH.

VII.—Abstract of Receipts during the Year 1864–5.

Heads of Receipt.	Irrawaddee Division.			Total of Irrawaddee Division.	Sittang Division.	Salween Division.	Kadoe Timber Revenue Station.	Grand Total.
	Myodwin Subdivision.	Rangoon Subdivision.	Prome Subdivision.					
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
I. Sale of Timber brought to Depôts by Government Agency	59 – –	3,53,088 4 –	717 – –	3,53,864 4 –	– –	– – –	– – –	3,53,864 4 –
II. Sale of timber, &c. removed from the forests by purchasers, including seignorage	– –	8,118 8 –	32,013 1 –	40,131 9 –	19,558 8 –	1,30,637 7 –	– – –	1,90,327 8 –
III. Duty on foreign timber	– –	– – –	– –	– – –	– –	– – –	2,83,207 6 –	2,83,207 6 –
IV. Permit fees and rent of jungles and privileges	1,050 – –	7,000 – –	– –	8,050 – –	13,395 – –	23,585 – –	– – –	45,030 – –
V. Grazing dues	—	—	—	—	—	—	—	—
VI. Sale of fruits, babool pods, and other minor forest produce	—	—	—	—	—	—	—	—
VII. Sale of confiscated drift and waif timber	1,128 15 –	– – –	126 15 –	1,255 14 –	938 10 –	– – –	16,462 8 –	18,657 – –
VIII. Fines and forfeitures	140 – –	196 2 –	45 – –	390 2 –	– –	1,004 – –	1,002 6 –	2,396 8 –
IX. Miscellaneous receipts	785 14 –	14,421 2 –	255 7 –	15,462 7 –	890 6 –	657 13 –	25,739 9 –	42,750 3 –
Total of Receipts	3,172 13 –	3,82,824 – –	33,157 7 –	4,19,154 4 –	34,782 8 –	1,55,884 4 –	3,26,411 13 –	9,36,232 13 –
Deduct Expenditure	62,548 10 –	98,734 8 –	11,590 3 –	1,72,873 5 –	22,297 5 –	17,282 6 –	50,786 2 –	2,63,239 2 –
Remains Surplus				2,46,280 15 –	12,485 3 –	1,38,601 14 –	2,75,625 11 –	6,72,993 11 –
Add value of drift confiscated and waif timber, sold at Kadoe in April 1865, and to be realised in 1865–66								13,700 – –
Add value of timber in hand on 30 April 1865, at average fixed rates								5,608 – –
Add actual payment made on 5,880 logs now in the streams, and to be taken charge of in 1865–66								32,982 8 –
Total Assets							Rs.	7,26,284 3 –

VIII.—STATEMENT showing the Amount expended on account of the different classes of Timber received on Government account in 1864-5.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount paid to Contractors.	Average Amount paid per Log.	Average Cubical Contents per Log.	Average Amount paid per Ton.	REMARKS.
			Rs. a. p.	*Rs. a. p.*		*Rs. a. p.*	
Round Logs — Yatthits	1,172	585·8	3,441 7 –	2 15 –	25	5 14 –	
Round Logs — Loozars	3,011	2,649·6	16,466 4 –	5 7 –	44	6 3 –	
Round Logs — Doogies	2,341	2,715·5	30,285 1 –	12 15 –	58	11 2 –	
Round Logs — Yard, mast, keel, and stem pieces	41	73·8	910 3 –	22 3 –	90	12 5 –	
Square Logs — Squares	300	270·0	3,824 15 –	12 12 –	45	14 3 –	
Square Logs — Shinbyns and Planks	7	1·1	21 – –	3 – –	8	18 12 –	
Small Logs — Crooks	22	8·8	93 – –	4 4 –	20	10 9 –	
Small Logs — Sleepers	2,093	146·4	2,628 4 –	1 4 –	35	17 15 –	
Small Logs — Small pieces	149	20·8	178 11 –	1 3 –	7	8 9 –	
Woods of other kinds	—	—	—	—	—	—	
TOTAL	9,136	6,471·8	57,848 13 –	6 5 –	35	8 15 2	
Add general timber expenses	–	–	28,546 8 –	3 2 –	–	4 6 7	
Miscellaneous expenses	—	—	—	—	—	—	
Establishment, contingencies, &c.	–	–	10,803 13 –	1 3 –	–	1 10 3	
GRAND TOTAL	9,136	6,471·8	97,199 2 –	10 10 –	35*	15 – –	
Result of operations in 1863-64	11,980	10,297·2	1,48,339 1 –	12 6 1	42·9	14 6 –	
" " 1862-63	20,220	16,360·3	2,33,742 7 –	11 8 10	40·4	14 4 –	
" " 1861-62	20,436	14,013·1	2,61,625 6 –	12 12 10	34·3	18 10 6	
" " 1860-61	12,763	8,376·6	2,55,759 – –	20 – –	33·0	30 8 –	
" " 1856-57 to 1859-60	64,480	42,177·2	7,84,138 15 –	12 2 –	32·7	18 9 –	

REMARKS.

	1864-65.	1863-64.
	Rs. a. p.	*Rs. a. p.*
Amount paid to contractors A., I., II., and III.	6 5 –	7 12 5
General timber expenses	3 2 –	3 4 7
Establishment and general contingencies	1 3 –	1 5 –
TOTAL	10 10 –	12 6 –

* The average cubical contents appears less this year, owing to the proportion of sleepers being much larger in this than previous seasons. For instance, in 1863-64, the number of logs was 11,980, of which 1,298 were sleepers; this year out of 9,136 logs 2,093 are sleepers. If sleepers were struck out, the average would be 44·9.

BRITISH BURMAH—*continued.*

IX.—STATEMENT showing the Amount realised on Account of Different Classes of Timber received on Government Account, and sold during 1864–65.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount realised.	Average Amount realised per Log.	Average Cubical Contents per Log.	Average Amount realised per Ton.
Round Logs:		*Feet.*	*Rs. a. p.*	*Rs. a. p.*	*Ft. in.*	*Rs. a. p.*
Yatthits	1,557	48,596	17,230 3 –	11 1 –	28 0	19 12 –
Loozars	4,178	196,366	85,579 14 –	20 8 –	47 0	21 13 –
Doogies	5,564	333,840	2,08,702 9 –	37 8 –	60 0	31 4 –
Yard, mast, keel, and stem pieces	235	21,150	17,155 8 –	73 – –	90 0	40 8 –
Square Logs:						
Doos, Doodoos, and Thokees	829	37,305	29,979 8 –	36 2 –	45 0	40 2 –
Shinbyns	16	160	83 – –	5 3 –	10 0	25 15 –
Small Logs:						
Crooks	1,286	19,290	3,813 14 –	2 15 –	15 0	9 14 –
Small pieces	269	2,959	534 – –	1 15 –	11 0	9 – –
Timber of other kinds	157	4,396	639 4 –	4 1 –	28 0	7 4 –
TOTAL	14,091	659,062	3,63,717 12 –	25 13 –	46 7	27 9 –
Railway Sleepers	5,410	18,935	17,742 9 –	3 4 –	3 5	46 13 –
TOTAL	19,501	677,997	3,81,460 5 –	—	—	—
Result of Sales in 1863–64:						
Logs	12,326	590,921	1,91,815 1 –	15 9 –	47 9	16 4 –
Sleepers	13,064	41,520	37,763 8 –	2 14 –	3 0	46 7 –

MEMORANDUM comparing Items I. and VII. of Statement VII.

			Rs. a. p.
Realised under Head I. of Revenue			3,53,864 4 –
Ditto VII. ditto			18,657 – –
Total			3,72,521 4 –
Deduct, Amount of timber sold in 1863-64, and realised in 1864-65			4,953 3 –
Balance			3,67,568 1 –
Add, Balance of Sale at Kaddoe in April 1865, to be collected in 1865–66	*Rs. a. p.* 13,700 – –		
Add, Value of woods of other kinds sold to Colonel Maxwell	192 4 –		
			13,892 4 –
TOTAL as shown in Statement		*Rs.*	3,81,460 5 –

Conservator of Forests Office, Rangoon,
11 August 1865.

(signed) *H. Leeds,*
Officiating Conservator of Forests, British Burmah.

VII.—Abstract of Receipts during the Year 1865-6.

Heads of Receipt.	Irrawaddie Division.			Total of Irrawaddie Division.	Sittang Division	Salween Division.	Kadoe Timber Revenue Station.	Grand Total.
	Myodwin Sub-division.	Rangoon Sub-division.	Prome Sub-division.					
	Rs. a. p.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
I. Sale of timber brought to depôts by Government agency	- - -	3,38,151 12 -	- - -	3,38,151 12 -	- - -	- - -	- - -	3,38,151 12 -
II. Sale of timber removed from the forests by purchasers, including seignorage	- - -	8,878 - -	35,982 9 -	44,860 9 -	51,164 - -	98,789 9 -	- - -	1,94,764 2 -
III. Duty on foreign timber	- - -	- - -	- - -	- - -	- - -	- - -	2,47,617 10 -	2,47,617 10 -
IV. Permit fees, rent of jungles, and privileges	163 - -	- - -	1,850 - -	2,013 - -	15,000 - -	12,685 - -	- - -	29,698 - -
V. Grazing dues	—	—	—	—	—	—	—	—
VI. Sale of fruits, babool pods, and other minor forest produce	—	—	—	—	—	—	—	—
VII. Sale of confiscated drift and waif timber	823 2 -	1,733 - -	600 10 -	3,156 12 -	- - -	- - -	57,172 8 -	60,329 4 -
VIII. Fines and forfeitures	1,336 5 -	298 7 -	680 4 -	2,315 - -	52 - -	135 - -	590 - -	3,092 - -
IX. Miscellaneous receipts	4,609 3 -	7,686 4 -	225 - -	12,520 7 -	2,504 8 -	123 6 -	9,827 11 -	24,976 - -
Total Receipts	6,931 10 -	3,56,747 7 -	39,338 7 -	4,03,017 8 -	68,720 8 -	1,11,682 15 -	3,15,207 13 -	8,98,628 12 -
Deduct Expenditure	74,627 12 -	1,60,201 4 -	7,565 7 -	2,42,394 7 -	17,789 8 -	20,681 4 -	31,201 6 -	3,12,066 9 -
Remains Surplus				1,60,623 1 -	50,931 - -	91,001 11 -	2,84,006 7 -	5,86,562 3 -
Add value of timber sold at Rangoon in April 1865, to be realised in 1865-6								11,849 - -
Timber in hand on 30th April 1866 at all Depôts								58,043 - -
Total Assets *Rs.*								6,56,454 3 -

BRITISH BURMAH—*continued.*

VIII.—STATEMENT (sent with British Burmah Forest Report, 1865-6), showing the Amount Expended on Account of the different Classes of Timber received on Government Account during 1865-6.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount Paid to Contractors	Average Amount Paid per Log.	Average Cubical Contents per Log.	Average Amount Paid per Ton.
		Feet.	*Rs. a. p.*	*Rs. a. p.*	*Feet. in.*	*Rs. a. p.*
Yatthits	1,071	26,775	3,081 – –	2 15 –	25 0	5 12 –
Loozars	4,471	196,724	29,085 2 –	6 4 –	44 0	7 6 –
Doogies	7,243	420,094	106,858 – –	14 12 –	58 0	12 11 –
Yard, mast, keel, and stem-pieces	516	46,440	12,823 10 –	24 14 –	90 0	13 13 –
Squares	179	8,055	2,432 4 –	13 9 –	45 0	15 1 –
Shinbyns and planks	—	—	—	—	—	—
Crooks	—	—	—	—	—	—
Sleepers	1,016	3,556	1,387 6 –	1 6 –	3 6	42 – –
Small pieces	1,640	11,480	3,203 10 –	1 15 –	7 0	13 5 –
Woods of other kinds	—	—	—	—	—	—
TOTAL	16,136	713,124	1,58,871 – –	9 13 –	44 2	11 2 –
Add general timber expenses	– –	– –	26,174 5 –	1 9 –	—	1 13 –
Miscellaneous expenses, establishment, contingencies, &c.	– –	– –	13,017 4 –	– 13 –	—	– 15 –
GRAND TOTAL	16,136	*Tons.* 14,262·5	1,98,062 9 –	12 3 –	44 2	13 14 –
Result of operations 1864-5	9,136	6,471·3	97,199 2 –	10 10 –	35 0	15 – –
„ 1863-4	11,980	10,297·2	1,48,339 1 –	12 6 1	42 9	14 6 –
„ 1862-3	20,220	16,369·3	2,33,742 7 –	11 8 10	40 4	14 4 –
„ 1861-2	20,436	14,013·1	2,61,625 6 –	12 12 10	34 3	18 10 6
„ 1860-1	12,768	8,376·6	2,55,759 – –	20 – –	33 0	30 8 8
„ 1856-7 to 1859-60	64,480	42,177·2	7,84,188 15 –	12 2 –	32 7	18 9 –

BRITISH BURMAH—*continued.*

IX.—STATEMENT showing the Amount realised on account of different Classes of Timber received on Government Account and Sold in 1865-6.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount realised.	Average Amount realised per Log.	Average Cubical Contents per Log.	Average Amount realised per Ton.
Round Logs:		*Feet.*	*Rs. a. p.*	*Rs. a. p.*	*Ft. in.*	*Rs. a. p.*
Yatthits	1,223	31,798	18,277 11 –	14 15 –	26 0	28 11 –
Loozars	4,196	193,016	1,08,013 2 –	25 11 –	46 0	27 1 –
Doogies	6,313	372,467	2,53,280 3 –	40 2 –	59 0	34 – –
Yard, mast, keel, and stem pieces	236	21,240	15,735 – –	66 2 –	90 0	37 1 –
Square Logs:						
Doos, doodoos, and thokes	13	572	227 6 –	17 8 –	44 0	19 13 –
Shinbyns	44	660	463 4 –	10 8 –	15 0	35 1 –
Crooks	25	375	200 – –	8 – –	15 0	26 11 –
Small Logs:						
Sleepers	4	14	5 – –	1 4 –	3 6	17 14 –
Small pieces	87	1,044	236 2 –	2 11 –	12 0	11 5 –
Timber of other kinds	—	—	—	—	—	—
TOTAL	12,141	621,186	3,96,437 12 –	32 10 –	51 0	31 14 –
Result of Sales in 1864-5:						
Logs	14,091	659,062	3,63,717 12 –	25 13 –	46 7	27 9 –
Sleepers	5,410	18,935	17,742 9 –	3 4 –	3 5	46 13 –

MEMORANDUM showing Comparison with Statement VII.

	Rs.	*a.*	*p.*
Realised under Head I. of Revenue	3,38,151	12	–
Ditto VII. ditto	60,329	4	–
	3,98,481	–	–
Deduct, Amount of timber sold in 1864-5 and realised in 1865-6	13,892	4	–
	3,84,588	12	–
Add, Value of Timber sold in 1865-6 to be collected in 1866-7	11,849	–	–
TOTAL, as shown in Statement *Rs.*	3,96,437	12	–

Forest Office of Account, British Burmah,
Rangoon, 31 July 1866.

H. Leeds,
Conservator of Forests, British Burmah.

BRITISH BURMAH—*continued.*

VII.—ABSTRACT of RECEIPTS during the Year 1866-67.

HEADS OF RECEIPT.	Irrawaddie Division.			Total of Irrawaddie Division.	Sittang Division.	Salween Division.	Kadoe Timber Revenue Station.	GRAND TOTAL.
	Tharrawaddie Sub-Division.	Rangoon Sub-Division.	Prome Sub-Division.					
	Rs. a. p.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
I. Sale of Timber brought to depôts by Government agency	1,503 12 –	1,40,399 15 –	300 – –	1,42,203 11 –	– –	– – –	– – –	1,42,203 11 –
II. Sale of timber removed from the forests by purchasers, including seignorage	– –	4,541 – –	32,276 14 –	36,817 14 –	44,192 8 –	27,451 13 –	– – –	1,08,462 3 –
III. Duty on foreign timber	– –	– – –	– –	– – –	– – –	– – –	1,25,554 15 –	1,25,554 15 –
IV. Permit fees and rent of jungles and privileges	– –	– – –	– –	– – –	900 – –	– – –	– – –	900 – –
V. Grazing dues	—	—	—	—	—	—	—	—
VI. Sale of fruits, babool pods, and other minor forest produce	—	—	—	—	—	—	—	—
VII. Sale of confiscated drift and waif timber	477 2 –	– – –	10 – –	487 2 –	623 6 –	– – –	20,771 3 –	21,881 11 –
VIII. Fines and forfeitures	387 – –	601 3 –	752 7 –	1,740 10 –	313 5 –	50 – –	160 12 –	2,264 11 –
IX. Miscellaneous receipts	6,351 11 –	6,161 5 –	65 – –	12,578 – –	446 – –	5 – –	9,757 8	22,786 8 –
TOTAL of Receipts	8,719 9 –	1,51,703 7 –	33,404 5 –	1,93,827 5 –	46,475 5 –	27,506 13 –	1,56,244 6 –	4,24,053 11 –
Deduct Expenditure	– –	– – –	– –	1,98,133 – –	40,215 9 –	17,736 11 –	29,050 4 –	2,85 135 8 –
Remains Surplus					6,259 10 –	9,770 2 –	1,27,194 2 –	
						1,43,223 14 –		
Deduct Expenditure over Receipts						4,305 11 –		
Actual Surplus								1,38,918 3 –
Add value of Timber in hand on 31 March 1867 at fixed average rates								1,19,749 – –
Add value of outstandings of Salween Division on account of permit timber								63,661 8 –
TOTAL of Assets							Rs.	3,22,328 11 –

VIII.—STATEMENT (sent with British Burmah Forest Report, 1866-7) showing the Amount Expended on account of the different Classes of Timber received on Government Account during 1866-7.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount Paid to Contractors.	Average Amount Paid per Log.	Average Cubical Content per Log.	Average Amount Paid per Ton.	REMARKS.
		Ft.	*Rs. a. p.*	*Rs. a. p.*	*Ft. in.*	*Rs. a. p.*	
Round Logs { Yatthits	658	17,108	3,602 – –	5 8 –	26 0	10 8 –	
Round Logs { Loozars	3,077	1,41,542	19,343 11 –	6 5 –	46 0	6 13 –	
Round Logs { Doogies	4,621	2,72,639	52,845 4 –	11 7 –	59 0	9 14 –	
Round Logs { Yard, mast, keel, and stem pieces	164	15,088	5,235 4 –	31 15 –	92 0	17 6 –	
Squares { Squares	144	6,480	2,612 4 –	18 2 –	45 0	20 2 –	
Squares { Shinbyn's and planks	12	96	24 – –	2 – –	8 0	11 7 –	
Small Pieces { Crooks	31	620	127 14 –	4 2 –	20 0	10 5 –	
Small Pieces { Small pieces	559	3,913	1,161 12 –	2 1 –	7 0	14 13 –	
Woods of other kinds	43	1,806	741 – –	17 4 –	42 0	20 8 –	
Total Logs	9,309	4,59,292	85,693 1 –	9 3 –	49·3	9 8 –	
Sleepers { Teak	5,780	20,230	17,340 – –	3 – –	3·5	42 14 –	
Sleepers { Pynkadoe	4,885	10,258	13,983 14 –	2 14 –	2·1	68 7 –	
Total Logs and Sleepers	19,974	4,89,780	1,17,016 15 –	9 3 –	24·5	11 15 –	
Add general timber expenses	– –	– –	52,973 11 –	2 10 –	—	—	
„ miscellaneous expenses, establishment, contingencies, &c.	– –	– –	11,960 1 –	– 10 –	—	—	
GRAND TOTAL	19,974	4,89,780	1,81,950 11 –	12 7 –	24·5	18 9 –	
Result of operations in 1863–64 to 1865–66	37,252	31,031	13,18,393 12 –	35 6 –	41·6	42 8 –	
„ „ 1860–61 to 1862–63	53,424	38,759	7,51,126 13 –	14 1 –	36·2	19 6 –	
„ „ 1856–57 to 1859–60	64,480	42,177·2	7,84,138 15 –	12 2 –	32·6	18 9 –	

	1866–67.	1865–66.	£.
	Rs. a. p.	*Rs. a. p.*	
Amount paid to contractors A., I., II., and III. (in proportion)	9 3 –	9 13 –	12 7 –
General timber expenses	2 10 –	1 9 –	
Establishment and general contingencies (in proportion)	– 10 –	– 13 –	12 3 –
TOTAL			12 7 –

BRITISH BURMAH—*continued.*

IX.—STATEMENT showing the Amount realised on account of the Different Classes of Timber received on Government Account, and sold during 1866-67.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount Realised.	Average Amount Realised per Log.	Average Cubical Contents per Log.	Average Amounts Realised per Ton.
Round Logs:		*Feet.*	*Rs. a. p.*	*Rs. a. p.*		*Rs. a. p.*
Yatthits	489	13,692	5,964 12 –	12 3 –	28	21 12 –
Loozars	1,835	88,080	34,943 10 –	19 1 –	48	19 13 –
Doogies	2,897	173,820	79,976 15 –	27 10 –	60	23 1 –
Yard, mast, keel, and stem-pieces	204	18,360	16,343 8 –	80 2 –	90	44 8 –
Square Logs:						
Doos, doodoos, and thokes	150	6,750	4,986 8 –	33 4 –	45	36 15 –
Shinbyns	4	48	20 – –	5 – –	12	20 13 –
Small Logs:						
Crooks	27	270	78 14 –	2 15 –	10	14 10 –
Small pieces	282	1,974	469 9 –	1 10 –	7	11 14 –
Total of Logs	5,888	302,994	1,42,783 12 –	24 4 –	51	23 9 –
Sleepers	2,584	9,044	9,051 8 –	3 8 –	3·5	50 1 –
GRAND TOTAL	8,472	312,038	1,51,835 4 –	17 15 –	37	24 5 –

MEMORANDUM showing Comparison with Statement VII. :—

	Rs. a. p.
Realised under Head I. of Revenue	1,42,203 11 –
Ditto VII. ditto	21,881 11 –
	1,64,085 6 –
Deduct amount of timber sold in 1865-66, and realised in 1866-67	11,849 – –
	1,52,836 6 –
Ditto, also on account of sales of slabs and refuse timber in 1866-67	401 2 –
TOTAL realised by sales as shown in Statements *Rs.*	1,51,835 4 –

Forest Office of Accounts, British Burmah,
Rangoon, 15 July 1867.

H. Leeds,
Conservator of Forests, British Burmah.

VII.—ANNUAL SUMMARY of REVENUE in the different Divisions during 1867-68.

CLASSIFICATION.	Rangoon.	Tharrawaddie.	Prome.	Total of Irrawaddie Division.	Sittang Division.	Salween Division.	Kadoe Timber Revenue Station.	TOTAL.
	Rs. a. p.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
I. Sale of timber at depôts	2,15,625 13 –	3,888 – –	– – –	2,19,513 13 –	– – –	– – –	– – –	2,19,513 13 –
II. Sale of timber removed by purchasers.	8,161 8 –	– – –	30,519 8 –	38,681 – –	47,255 – –	92,875 13 –	– – –	1,78,811 13 –
III. Duty on foreign timber	– – –	– – –	– – –	– – –	– – –	– – –	1,85,754 15 –	1,85,754 15 –
IV. Permit fees	– – –	– –	9,500 – –	9,500 – –	8,088 5 –	7,818 7 –	– – –	25,406 12 –
V. Grazing dues	—	—	—	—	—	—	—	—
VI. Sale of fruits, &c.	—	—	—	—	—	—	—	—
VII. Sale of confiscated timber	– – –	1,413 8 –	556 6 –	1,969 14 –	190 8 –	– – –	13,761 – –	15,921 6 –
VIII. Fines and forfeitures	– – –	482 – –	586 8 –	1,068 8 –	42 – –	– – –	220 – –	1,330 8 –
IX. Miscellaneous Receipts	6,287 – –	5,165 10 –	265 – –	11,717 10 –	939 8 –	121 8 –	8,072 8 –	20,851 2 –
TOTAL Receipts *Rs.*	2,30,074 5 –	10,949 2 –	41,427 6 –	2,52,450 13 –	56,515 5 –	1,00,815 12 –	2,07,808 7 –	6,47,596 5 –
Deduct Expenditure				2,70,733 3 –	21,820 14 –	15,716 4 –	20,117 8 –	3,28,387 13 –
TOTAL Assets *Rs.*								3,19,302 8 –

BRITISH BURMAH—*continued.*

VIII.—STATEMENT showing the Amount Expended on Account of the different Classes of Timber received on Government Account during 1867-68.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount Paid to Contractors.	Average Amount Paid per Log.	Average Cubical Contents per Log.	Average Amount per Ton.
Round Logs:			*Rs. a. p.*	*Rs. a. p.*		*Rs. a. p.*
Yatthits	822	22,194	4,212 12 –	5 2 –	27	9 8 –
Loozars	1,955	89,930	17,106 4 –	8 12 –	46	9 8 –
Doogies	2,510	145,580	42,356 4 –	16 14 –	58	14 9 –
Yard, mast, keel, and stem pieces	144	12,960	4,266 – –	29 10 –	90	16 8 –
Squares:						
Squares	29	1,450	1,165 2 –	39 14 –	50	40 3 –
Shinbyns and planks	—	—	—	—	—	—
Small pieces:						
Crooks	569	5,690	995 12 –	1 12 –	10	8 12 –
Small pieces	1,423	9,961	1,547 8 –	1 14 –	7	7 12 –
Total brought out by contractors	7,452	287,765	71,649 10 0	9 10 –	39	12 7 –
Total of sleepers from Tharrawaddie	5,576	18,816	10,752 – –	2 – –	3·5	28 13 –
Total of sleepers from Southern	2,138	7,483	6,414 – –	3 – –	3·5	42 13 –
Drift timber by Government agency	2,597	106,316	9,758 15 –	3 – –	4·1	4 9 –
Woods of other kinds (sleepers and logs) brought out by forest assistants.	1,833	11,920	7,600 – –	4 3 –	6·5	31 14 –
*Total amount paid for year's outturn, as per Statement III.	19,396	432,300	1,06,174 9 –	—	—	—
Add cost of administration, direction and other expenditure chageable to timber brought to depôts.	– –	– –	52,170 11 6	—	—	—
I. Total expenditure on Government timber.	19,396	432,300	1,58,345 4 6	—	—	—
II. Total chargeable to 33,052 logs P. timber.	– –	– –	63,760 6 3	—	—	—
III. Total chargeable to Kadoe Revenue Station.	– –	– –	23,928 2 9	—	—	—
IV. Total incurred on logs neaped in the Meimakha rivers of season 1867–68.	– –	– –	61,134 – –	—	—	—
V. Amount of part payments in 1867–68 to account of timber operations to be carried on in 1868–69.	– –	– –	21,220 – –	—	—	—
TOTAL Expenditure of the Department on Account of this Year – – – – – – – – –			*Rs.* 3,28,387 13 6	—	—	—

* Statement of timber brought from the forests by contractors and Government agency showing a total of 19,396 logs, weighing 8,646 tons.

BRITISH BURMAH—*continued.*

IX.—STATEMENT showing the Amount Realised on Account of different Classes of Timber received on Government Account, and Sold in 1867-8.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount Realised.	Average Amount Realised per Log.	Average Cubical Contents per Log.	Average Amount Realised per Ton.
			Rs. a. p.	*Rs. a. p.*		*Rs. a. p.*
Round Logs:						
Yatthits	588	16,464	5,910 8 –	10 1 –	28	17 10 –
Loozars	2,382	114,336	70,464 7 –	29 9 –	48	30 13 –
Doogies	4,457	262,963	1,39,429 8 –	31 4 –	59	26 8 –
Yard, masts, keels, and stem pieces	176	15,840	10,477 6 –	59 8 –	90	33 1 –
Square Logs:						
Doos, Doodoos, and Thokes	2	150	134 10 –	67 – –	75	44 14 –
Small Logs:						
Crooks	93	1,777	1,653 3 –	17 12 –	19	46 8 –
Small Pieces	1,392	9,744	2,384 – –	1 11 –	7	12 4 –
Total	9,090	421,274	2,30,453 6 –	25 6 –	46	27 6 –
Sleepers:						
Teak	7,450	26,075	23,831 12 –	3 3 –	3·5	45 11 –
Pynkadoe	200	416	115 – –	– 9 –	2·08	13 13 –
Total Sleepers	7,650	26,491	23,946 12 –	—	—	—
Confiscated Drift and Waif Timber	2,437	43,866	15,921 6 –	6 8 –	18	18 2 –
GRAND TOTAL	19,177	491,631	2,70,321 8 –	—	—	—

MEMORANDUM.	*Rs. a. p.*
Realised under Head I. of Revenue	2,19,513 13 –
Ditto ditto VII. ditto	15,921 6 –
	2,35,435 3 –
Add—On account of Sales of 1867-8, to be Realised in 1868-9	34,866 5 –
TOTAL of Sales in 1867-8 *Rs.*	2,70,321 8 –

BRITISH BURMAH—*continued.*

VII.—ANNUAL SUMMARY of REVENUE in the different Divisions during 1868–69.

CLASSIFICATION.	Rangoon.	Tharrawaddie.	Prome.	Total of Irrawaddie Division.	Sittang Division.	Salween Division.	Kadoe Timber Revenue Station.	TOTAL.
Receipts:	*Rs.* a. p.	*Rs.* a. p.	*Rs.* a. p.	*Rs.* a. p.	*Rs.* a. p.	*Rs.* a. p.	*Rs.* a. p.	*Rs.* a. p.
I. Sale of timber at depôts	2,81,591 13 –	35 – –	– –	2,81,626 13 –	– –	– – –	– – –	2,81,626 13 –
II. Sale of timber removed by purchasers.	5,744 – –	– –	38,198 10 –	43,942 10 –	80,057 12 –	1,41,217 7 –	– – –	2,65,217 13 –
III. Duty on foreign timber	– – –	– –	– –	– – –	– –	– – –	2,14,003 12 –	2,14,003 12 –
IV. Permit fees	– – –	– –	– –	– – –	13,625 – 7	8,265 2 4	– – –	21,890 2 11
V. Grazing dues	—	—	—	—	—	—	—	—
VI. Sale of fruits, &c.	—	—	—	—	—	—	—	—
VII. Sale of confiscated drift and waif timber.	720 3 –	36 4 –	– –	756 7 –	1,124 13 –	– – –	16,555 15 6	18,437 3 6
VIII. Fines and forfeitures	10 – –	205 – –	14 5 –	229 5 –	432 5 –	180 – –	204 – –	1,045 10 –
IX. Miscellaneous receipts	4,686 4 –	530 4 –	464 9 –	5,681 1 –	600 – –	3 8 –	9,405 12 –	15,690 5 –
TOTAL Receipts *Rs.*	2,92,752 4 –	806 8 –	38,677 8 –	3,32,236 4 –	95,839 14 7	1,49,656 1 4	2,40,169 7 6	8,17,911 11 5

BRITISH BURMAH—*continued.*

VIII.—STATEMENT showing the Amount expended on Account of the different Classes of Timber received on Government Account during 1868–69.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount paid to Contractors.	Average Amount Paid per Log.	Average Cubical Contents per Log.	Average Amount per Ton.
Round Logs:			*Rs. a. p.*	*Rs. a. p.*		*Rs. a. p.*
Yatthits	4,294	111,644	19,054 10 –	4 7 –	26	8 9 –
Loozars	6,212	298,176	45,037 – –	7 4 –	48	7 10 –
Doogies	7,284	422,472	85,131 12 –	11 11 –	58	10 1 –
Yard, mast, keel, and stem pieces	277	24,930	7,281 4 –	26 4 –	90	14 9 –
Squares:						
Squares	57	2,736	2,176 11 –	38 3 –	48	39 12 –
Shinbyns and planks	39	312	78 – –	2 – –	8	12 8 –
Small pieces:						
Crooks	988	11,856	5,432 – –	5 8 –	12	22 14 –
Small pieces	1,799	12,593	26,988 8 –	1 8 –	7	10 11 –
Total brought out by contractors	20,950	884,719	1,91,179 13 –	9 2 –	42	10 13 –
Total of sleepers from Tharrawaddie	3,223	11,280	4,297 1 –	1 5 –	3·5	19 3 –
Total of sleepers from Southern	75	262	168 3 –	2 4 –	3·5	32 2 –
Drift timber by Government agency	3,655	168,327	15,340 10 –	4 3 –	46	4 8 –
Woods of other kinds	49	2,352	392 – –	8 – –	48	8 5 –
TOTAL paid for year's out-turn as per Statement III.*	27,952	1,066,940	2,11,377 11 –	—	—	—
Add cost of administration, direction, and other expenditure, chargeable to timber brought to depôts.			1,08,247 7 5	—	—	—
I. Total expenditure on Government timber.	27,952	1,066,940	3,19,625 2 5	—	—	—
II. Total chargeable to 41,783 logs permit timber.			52,220 11 –	—	—	—
II. Total chargeable to Kadoe Revenue Station.			25,013 – –	—	—	—
IV. Total on timber neaped in the Meimakha River of season 1868–69.			5,054 – –	—	—	—
V. Amount of part payment in 1868–69 to account of timber operations of 1869–70.			21,216 7 –	—	—	—
TOTAL Expenditure of the Department on account of this Year			*Rs.* 4,23,129 4 5	—	—	—

* Statement of timber brought from the forests by contractors and Government agency, showing a total of 27,952 logs, weighing 21,338·8 tons.

BRITISH BURMAH—*continued.*

IX.—STATEMENT showing the Amount realised on account of different classes of Timber received on Government Account and Sold during 1868–69.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount Realised.	Average Amount realised per Log.	Average Cubical Contents per Log.	Average Amount realised per Ton.
Round Logs:			*Rs. a. p.*	*Rs. a. p.*		*Rs. a. p.*
Yatthits	1,636	42,536	13,306 14 –	8 2 –	·26	15 10 –
Loozars	2,858	137,184	62,904 11 –	22 – –	·48	22 3 –
Doogies	4,402	255,316	1,57,373 11 –	35 12 –	·58	30 13 –
Yard, mast, keel, and stem pieces	248	22,320	14,874 10 –	59 15 –	·90	33 5 –
Square Logs:						
Doos, doodoos, and thokes	80	3,840	3,987 1 –	49 13 –	·48	51 1 –
Shinbyns	34	272	93 – –	2 12 –	·8	17 1 –
Small Logs:						
Crooks	183	2,196	2,302 3 –	12 9 –	·12	52 7 –
Small pieces	16	112	32 – –	2 – –	·7	14 3 –
Woods of other kinds	49	2,352	294 – –	14 11 –	·48	6 4 –
Total Logs	9,506	466,128	2,55,168 2 –	26 13 –	·49	27 9 –
Sleepers:						
Teak	1,722	6,027	5,724 6 –	3 5 –	3·5	47 10 –
Pynkadoe	800	1,664	1,000 – –	1 4 –	2·08	30 – –
Total Sleepers	2,522	7,691	6,724 6 –	2 10 8	3	44 5 –
Confiscated drift and waif timber	1,592	47,760	18,437 3 6	11 9 –	30	19 4 –
GRAND TOTAL	13,620	521,579	2,80,329 11 6	—	—	—

MEMORANDUM.	*Rs. a. p.*
Realised under Head I. of Revenue	2,81,626 13 –
Ditto ditto VII.	18,437 3 6
	3,00,064 0 6
Deduct, on account of Sales of 1868-69, to be realised in 1869-70	34,886 5 –
	2,65,177 11 6
Add, on account of Sales of 1867–68, realised in 1868-69	15,152 – –
Total of Sales in 1868-69 *Rs.*	2,80,329 11 6

VII.—ANNUAL SUMMARY of REVENUE in the different Divisions during 1869-70.

CLASSIFICATION.	Rangoon.	Tharrawaddie.	Prome.	Total of Irrawaddie.	Sittang.	Salween.	Kadoe Revenue Station.	TOTAL.
	Rs. a. p.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
I. Sale of timber at depôts	5,29,714 11 6	178 – –	– – –	5,29,892 11 6	112 8 –	– – –	– – –	5,30,005 3 6
II. „ removed by purchasers.	671 – –	– – –	37,805 6 –	38,476 6 –	77,834 – –	96,014 – –	41,229 5 –	2,53,553 11 –
III. Duty on foreign timber	– – –	– – –	– –	– – –	– –	– – –	1,38,548 12 –	1,38,548 12 –
IV. Permit fees	– – –	– – –	– –	– – –	11,066 10 4	10,493 9 4	– – –	21,560 3 8
V. Grazing dues	—	—	—	—	—	—	—	—
VI. Sale of fruits	—	—	—	—	—	—	—	—
VII. Sale of confiscated, drift, or waif timber.	91 – –	– – –	– –	91 – –	1,284 9 2	8,247 8 –	17,839 12 –	27,462 13 2
VIII. Fines and forfeitures	5 – –	33 3 –	22 2 –	60 5 –	23 – –	291 – –	125 – –	499 5 –
IX. Miscellaneous receipts	1,134 6 –	3,320 12 –	172 13 –	4,627 15 –	1,984 6 –	364 14 –	6,268 8 –	13,245 11 –
TOTAL Receipts – – – *Rs.*	5,31,616 1 6	3,531 15 –	38,000 5 –	5,73,148 5 6	92,305 1 6	1,15,410 15 4	2,04,011 5 –	9,84,875 11 4
Deduct Expenditure – – –	1,50,025 15 –	1,89,615 8 –	10,540 15 –	3,50,182 6 6	34,326 – 9	13,037 12 –	17,835 12 –	4,15,381 15 3
Surplus – – – *Rs.*	2,22,965 15 –	57,979 – 9	1,02,373 3 4	1,86,175 9 –	5,69,493 12 1			

BRITISH BURMAH—*continued.*

VIII.—STATEMENT showing the Amount Expended on Account of the Different Classes of Timber received on Government Account during 1869-70.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount Paid to Contractors.	Average Amount Paid Per Log.	Average Cubical Contents per Log.	Average Amount per Ton.
			Rs. a. p.	*Rs. a. p.*		*Rs. a. p.*
Round Logs :						
Yatthits	3,349	90,423	13,605 5 –	4 1 –	27	7 8 –
Loozars	5,110	245,280	38,005 10 –	7 7 –	48	7 12 –
Doogies	4,808	283,731	50,183 8 –	10 7 –	59	8 13 –
Yard, mast, keel, and stem pieces	115	10,580	2,357 8 –	20 8 –	92	11 1 –
Squares :						
Squares	15	690	339 6 –	22 10 –	46	24 6 –
Shinbyns and planks	—	—	—	—	—	—
Small Pieces :						
Crooks	29	435	125 1 –	4 5 –	15	14 3 –
Small pieces	168	1,176	220 8 –	1 5 –	7	9 5 –
Total brought out by contractors	13,594	632,315	1,04,836 14 –	7 11 –	47	8 4 –
Total of sleepers from Tharrawaddie	6,429	22,501	11,786 8 –	1 13 –	3·5	26 3 –
Drift timber by Government agency	3,355	152,790	13,000 10 –	3 14 –	46	4 5 –
TOTAL paid for year's out-turn, as per Statement III.*	23,378	807,606	1,29,624 – –	5 8 9	35	8 – –
Add expenditure incurred in 1868–9 to account of operations in 1869–70.	– –	– –	26,270 7 –	1 2 –	– –	1 10 –
Add cost of administration, direction, and other expenditure chargeable to timber brought to depôts.	– –	– –	1,30,627 8 3	5 9 5	– –	8 1 5
I. Total expenditure on Government timber of season 1869–70.	23,378	807,606	2,86,521 15 3	12 4 –	35	17 11 10
Deduct expenditure of 1868–9 included above, to exhibit actual cost of timber.	– –	– –	26,270 7 –	—	—	—
			2,60,251 8 3			
II. Total expenditure chargeable to 32,017 logs permit timber.	– –	– –	68,644 11 –	—	—	—
III. Total expenditure chargeable to Kadoe timber revenue station.	– –	– –	18,035 12 –	—	—	—
IV. Total expenditure on timber neaped in the Meimakha River of season 1869–70.	– –	– –	6,500 – –	—	—	—
V. Amount of past payments in 1869–70 to account of timber operations of 1870–1.	– –	– –	61,950 – –	—	—	—
TOTAL expenditure of the department on account of this year			*Rs.* 4,15,381 15 3	—	—	—

* Statement of timber brought from the forests by contractors and Government agency, showing a total of 23,378 logs, weighing 16,150·9 tons.

BRITISH BURMAH—*continued.*

IX.—STATEMENT showing the Amount Realised on account of different kinds of Timber received on Government Account during 1869-70.

PARTICULARS.	Number of Logs.	Cubical Contents.	Amount Realised.	Average Amount per Log.	Average Cubical Contents per Log.	Average Amount Realised per Ton.
			Rs. a. p.	*Rs. a. p.*		*Rs. a. p.*
Round Logs:						
Yatthits	4,421	110,525	37,904 – –	8 9 –	25	17 2 –
Loozars	6,087	298,263	1,73,065 9 –	28 6 –	49	29 – –
Doogies	6,925	429,350	2,81,026 12 8	40 9 –	62	32 11 –
Yard, mast, keel, and stem pieces	237	22,752	16,390 9 –	69 2 –	69	36 – –
Square Logs:						
Doos, doodoos, and shokes	159	7,791	6,568 4 –	41 4 –	49	42 2 –
Shinbyns	—	—	—	—	—	—
Small Logs:						
Crooks	400	7,200	5,144 5 4	12 14 –	18	35 11 –
Small pieces	203	1,421	325 8 6	1 9 –	7	11 7 –
Woods of other kinds	—	—	—	—	—	—
Total Logs	18,432	877,302	5,20,425 – 6	28 3 –	47	29 10 –
Sleepers:						
Teak	7,366	25,781	21,038 – –	2 13 6	3·5	—
Pynkadoe	200	436	150 – –	– 12 –	2·08	—
Total Sleepers	7,566	26,217	21,188 – –	2 12 10	—	—
Confiscated, drift, and waif timber	2,021	72,756	27,462 13 2	13 9 –	36	18 14 –
GRAND TOTAL	28,019	976,275	5,69,075 13 8	20 5 –	34·84	29 2 5

MEMORANDUM.	*Rs.* a. p.
Realised under Head I. of Revenue	5,30,905 3 6
Ditto ditto VII. ditto	27,462 13 2
	5,57,468 – 8
Deduct—On Account of Sale of 1868-69, realised in 1869-70	15,152 – –
	5,42,316 – 8
Add—On Account of Sale of 1869-70, to be realised in 1870-71	26,759 13 –
TOTAL of SALES 1869-70 *Rs.*	5,69,075 13 8

British Burmah, Forest Department, 1868–9.—Receipts.

CLASSIFICATION.	Rangoon.	Tharrawaddie.	Prome.	Total of Irrawaddie Division.	Sittang Division.	Salween Division.	Kadoe Timber Revenue Station.	Total.
	Rs. a.	*Rs. a.*	*Rs. a.*	*Rs. a.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
I. Sale of Timber at Depôts	2,81,591 13	35 –	- -	2,81,626 13	- -	- -	- -	2,81,626 13 -
II. Sale of Timber removed by Purchasers.	5,744 –	- -	38,198 10	43,942 10	80,057 12 -	1,41,217 7 –	- -	2,65,217 13 -
III. Duty on Foreign Timber -	- -	- -	- -	- -	- -	- -	2,14,003 12 –	2,14,003 12 -
IV. Permit Fees - - -	- -	- -	- -	- -	13,625 – 7	8,265 2 4	- -	21,890 2 11
V. Grazing Dues - -	—	—	—	—	—	—	—	—
VI. Sale of Fruits, &c. -	—	—	—	—	—	—	—	—
VII. Sale of Confiscated Drift and Waif Timber.	720 3	36 4	- -	756 7	1,124 13 –	- -	16,555 15 6	18,437 3 4
VIII. Fines and Forfeitures -	10 –	205 –	14 5	229 5	432 5 –	180 – –	204 – –	1,045 10 -
IX. Miscellaneous Receipts -	4,686 4	530 4	464 9	5,681 1	600 – –	3 8 –	9,405 12 –	15,690 5 -
TOTAL RECEIPTS - - *Rs.*	2,92,752 4	806 8	38,677 8	3,32,236 4	95,839 14 7	1,49,666 1 4	2,40,169 7 6	8,17,911 11 5

Oudh, Forest Department, 1868–9.—Receipts.

CLASSIFICATION.	Kheree.	Baraich.	Goudah.	Total.
	Rs. a. p.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
I. Sale of Timber at Depôts - - -	43,981 14 7	- - -	- - -	43,981 14 7
II. Sale of Timber removed by Purchasers	15,680 2 –	16,454 1 –	6,378 8 2	38,512 11 2
III. Duty on Foreign Timber - - -	—	—	—	—
IV. Permit Fees - - - - -	—	—	—	—
V. Grazing Dues - - - - -	12,729 2 9	16,948 11 5	3,500 – –	33,177 14 2
VI. Sale of Fruits, &c. - - - -	1,249 5 9	2,341 9 –	400 – –	3,990 14 9
VII. Sale of Confiscated Timber - -	148 – –	369 4 3	164 – –	681 4 3
VIII. Fines and Forfeitures - - -	92 11 6	4 2 –	11 12 –	108 9 6
IX. Miscellaneous - - - - -	11,368 13 10	- - -	- - -	11,368 13 10
TOTAL RECEIPTS - - - *Rs.*	85,250 2 5	36,117 11 8	10,454 4 2	1,31,822 2 3

Central Provinces, Forest Department, 1868–9.—Receipts.

CLASSIFICATION.	Northern Divison,	Southern.	Western.	Eastern.	Central.	Total.
	Rs. a. p.	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*	*Rs. a. p.*
I. Sale of Timber at Depôts - - - -	35,089 14 9	2,117 10 2	43,687 7 5	- -	498 2 –	81,393 2 4
II. Sale of Timber removed by Purchasers -	19,005 13 –	415 13 –	1,218 9 9	- -	7,431 5 9	28,071 9 6
III. Duty on Foreign Timber - - - -	11 6 –	42 – –	40 – –	- -	- -	93 6 -
IV. Permit Fees - - - - - -	35,826 3 6	52,528 12 11	38,753 9 6	16,986 1 6	41,827 – 1	1,85,921 11 6
V. Grazing Dues - - - - -	8,837 12 11	3,735 2 5	2,098 1 3	- -	18,251 13 7	32,922 14 2
VI. Sale of Fruits, &c. - - - - -	2,659 9 6	566 1 –	1,430 2 8	645 8 6	7,248 10 5	12,550 – 3
VII. Sale of Confiscated Timber - - -	142 2 –	399 4 8	149 7 6	335 1 –	131 14 –	1,157 13 2
VIII. Fines and Forfeitures - - - -	308 9 –	173 9 5	339 9 –	506 4 1	218 15 4	1,546 14 10
IX. Miscellaneous - - - - -	5,428 12 10	916 12 –	331 2 1	- -	679 9 11	7,356 4 10
TOTAL - - - - *Rs.*	1,07,310 3 6	60,895 1 7	88,048 1 2	18,472 15 1	76,287 7 1	3,51,013 12 5

Coorg, Forest Department, 1868-69.—Receipts.

	Rs.	a.	p.
I. Sale of Timber at Depôts	39,495	5	5
II. Sale of Timber removed by Purchasers	6,125	14	3
III. Duty on Foreign Timber	—		
IV. Permit Fees	—		
V. Grazing Dues	—		
VI. Sale of Fruits	1,251	2	2
VII. Sale of Confiscated Timber	—		
VIII. Fines and Forfeitures	—		
XI. Miscellaneous	27,576	–	11
Total Rs.	74,448	6	9

Punjab, Forest Department (from the Punjab Administration Report for 1868-69).

	Fuel Plantation Division.	Canal Division.	Shelum Division.	Chenab Division.	Ravi Division.	Bias Division.	Sutlej Division.	Total.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Amount of Sales	8,622	33,786	9,022	1,11,169	33,538	45,887	37,216	2,79,2
Outstandings at end of Year	- -	- -	3,147	55,831	51,883	16,177	794	1,27,8
Estimated Value of Timber in Depôt at end of Year	- -	- -	18,835	3,429	9,070	2,780	5,245	39,3
Estimated Value of Receipts in Depôt during Year	- -	- -	26,204	32,712	14,204	35,000	42,461	1,50,5

It appears from the Proceedings of the Government of India that the Progress Report of the Punjab Fores only reached them in July last; and that they wrote to know the reason, and to desire to have the one due f 1869-70, in order that they might review the two together.

North Western Provinces, Forest Department, 1868-69.—Receipts.

Classification.	Kumaon.	Meerut.	Rohilkund.	Kansie.	Goruckpore.	Canal Plantation.	Total.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p
I. Sale of Timber at Depôts	1,47,183 7 11	73,420 11 3	- -	- -	- -	- -	2,20,604 3
II. Sale of Timber removed by Purchasers	6,005 - -	42,378 15 1	28,212 9 6	1,713 3 11	4,235 9 9	75,258 12 8	1,57,804 2 1
III. Duty on Foreign Timber	—	—	—	—	—	—	—
IV. Permit Fees	- -	15,567 1 5	100 - -	21 5 -	2,267 2 -	- -	17,955 8
V. Grazing Dues	7,061 13 1	6,234 9 6	5,452 8 9	3,431 3 6	2,611 13 8	- -	24,792 -
VI. Sale of Fruits	1,99,978 - 2	5,867 15 9	- -	192 10 10	709 5 -	18,933 7 7	2,25,681 7
VII. Sale of Confiscated Timber	105 - -	- -	- -	- -	- -	- -	105 -
VIII. Fines and Forfeitures	619 9 6	79 7 2	1 - -	3 8 -	- -	- -	703 8
IX. Miscellaneous	381 8 7	287 12 6	484 1 10	510 10 6	4,078 10 10	- -	5,742 12
Total Rs.	3,61,334 7 3	1,43,836 8 8	34,250 4 1	5,872 9 9	13,902 9 3	94,192 4 3	6,53,388 11

Bengal, Forest Department, 1868-69.—Receipts.

Classification.	Sikkim.	Bhootan.	Assam.	Chittagong and Cashar.	Behar.	Total.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
I. Sale of Timber at Depôts	1,64,651 12 1	917 - -	- -	- -	- -	1,65,568 12 1
II. Sale of Timber removed by Purchasers	3,404 7 -	- -	- -	- -	- -	3,404 7 -
III. Duty on Foreign Timber	—	—	—	—	—	—
IV. Permit Fees	765 8 -	- -	- -	- -	- -	765 8 -
V. Grazing Dues and Fisheries	916 4 -	- -	- -	- -	- -	916 4 -
VI. Sale of Fruits, Babool Pods, &c.	—	—	—	—	—	—
VII. Sale of Confiscated Timber	—	—	—	—	—	—
VIII. Fines and Forfeitures	198 8 -	- -	- -	- -	- -	198 8 -
IX. Miscellaneous	305 - -	10 - -	16 - -	- -	- -	331 - -
Total Rs.	1,70,241 7 1	927 - -	16 - -	- -	- -	1,71,184 7 1

MADRAS, Forest Department, 1868-9.—Receipts.

Revenue inclusive of Receipts, Seignorage, and Sale of Timber, *Rs.* 3,91,179.

The amounts of the several items are not given separately in the Annual Forest Report from Madras.

BOMBAY, Forest Department, 1868-9.—Receipts.

Total Receipts for the year, *Rs.* 9,64,527. 3 *a.* 6 *p.*; of which amount the Sum of *Rs.* 8,61,032. 2 *a.* 6 *p.* were realisations on Timber and Forest Produce Sales.

SINDH, Forest Department, 1868-9.—Receipts.

	Rs.	*a.*	*p.*		*Rs.*	*a.*	*p.*
Grazing Fees	35,016	5	6	Babool Seeds	103	12	9
Building Wood	12,764	12	6	Lac	525	–	–
Firewood	1,52,655	15	8	Honey	32	8	–
Jow (Tamarisk)	173	15	11	Fines	1,616	13	2
Charcoal	1,015	2	6	Babool Pods	5,684	4	–
Fisheries	3,094	1	7	Land Revenue from Cultivation within Forest limits	21,477	–	3
Reeds	457	2	8				
Kahs	78	8	–				
Grass	98	15	2	TOTAL *Rs.*	2,35,511	–	6
Mangoes	716	10	10				

BERAR, Forest Department, 1868-9.—Receipts.

	Rs.	*a.*	*p.*
I. Sale of Timber at Depôts	4,320	12	1
II. Sale of Timber removed by Purchasers	—		
III. Duty on Foreign Timber	—		
IV. Permit Fees, Rent of Jungle	70,056	11	–
V. Grazing Dues	2,802	4	10
VI. Sale of Fruits, Babool Pods, &c.	—		
VII. Sale of Confiscated Timber	9	–	–
VIII. Fines and Forfeitures	11	15	5
IX. Miscellaneous	165	12	–
TOTAL *Rs.*	77,366	7	4

MYSORE, Forest Department, 1868-9.—Receipts.

CLASSIFICATION.	Nandidroog Division.			Nagar Division.			Ashtagram Division.			TOTAL.		
	Rs.	*a.*	*p.*	*Rs.*	*a.*	*p.*	*Rs.*	*a.*	*p.*	*Rs.*	*a.*	*p.*
I. Sale of Timber at Depôts	42,799	–	5	99,464	1	5	1,20,126	11	6	2,62,389	13	4
II. Sale of Timber removed by Purchasers	10,260	11	10	15,586	8	–	7,852	10	9	33,699	14	7
III. Duty on Foreign Timber	–	–	–	1,750	2	2	446	11	–	2,196	13	2
IV. Permit Fees	1,916	11	10	954	6	2	434	13	6	3,305	15	6
V. Grazing Dues	1,326	14	11	16,648	13	9	–	–	–	17,975	12	8
VI. Sale of Fruits, &c.	6,676	9	–	10,719	9	5	3,072	10	–	20,468	12	5
VII. Sale of Confiscated Timber	52	8	–	595	–	2	415	7	4	1,062	15	6
VIII. Fines and Forfeitures	1,360	5	3	270	2	6	115	13	6	1,746	5	3
IX. Miscellaneous Receipts, including Sale of Decayed Trees, and Duty on Elephants caught by private individuals	3,694	6	4	2,684	9	8	2,250	8	7	8,629	8	7
TOTAL *Rs.*	68,087	3	7	1,48,673	5	3	1,34,715	6	2	3,51,475	15	–

Appendix, No. 6.

PAPERS handed in by Mr *Cleghorn*, M.D., and referred to in his Evidence, 28 April 1871.

(Question 2680.)

LIST OF EUROPEAN FOREST OFFICERS.

	Number of Officers.
Inspector General of Forests	1
Bengal	8
British Burmah	10
Central Provinces	10
North Western Provinces	9
Punjab	13
Oudh	5
Madras	13
Bombay	13
Sindh	5
Coorg	1
	88

(Exclusive of Mysore and Berar.)

NOTE.—Officers who have had departmental experience or special opportunities of scientific and professional study in Europe are marked (*).

		Rs.
* Inspector General of Forests under Government of India		1,500

Bengal Forest Officers:

		Rs.
Conservator	*Mr. Leeds	1,200
	*Mr. Read	700
Assistant	*Mr. Mann	450
"	Captain Losack	450
"	Mr. Oakley	400
"	Mr. Davis	250
"	Mr. Thomas	250
"	Mr. James	250

British Burmah Forest Officers.

		Rs.
Conservator	*Captain Seaton	1,200
Deputy	*Mr. Graham	700
"	*Lieutenant Stenhouse	700
"	Mr. Slym	500
Assistant	Mr. Elsner	400
"	Mr. Adamson	450
"	Mr. Buchanan	350
"	Mr. Daly	350
"	Mr. Macpherson	350
"	*Mr. J. K. Hume	350

North Western Provinces Forest Officers:

		Rs.
Conservator	*Major Pearson	1,200
	*Mr. Colvin	700
	Mr. O'Callaghan	500
	Mr. Brereton	700
	Mr. Grant	500
	Captain Murray	450
	Mr. Bagshaw	400
	Mr. Greig	350
	*Mr. Moir	250

Punjab Forest Officers:

		Rs.
Conservator	*Dr. J. L. Stewart, absent, Europe.	—
Officiating	*Mr. Baden Powell	1,200
Deputy	Major Batchelor	600
	Mr. Murray	600
	Mr. Birnie Browne	600
	*Mr. Ribbentrop	500
Assistant	Mr. Home	400
	Mr. Sparling	350
	Mr. Hillier	300
	Mr. Amery	300
	Mr. Rigby	200
	*Mr. Gavin	250
	*Mr. Wild	250

Oudh Forest Officers:

		Rs.
Conservator	*Captain Wood	700
Assistant	_____	350
	Mr. Ponsonby	350
	Mr. Forest	200
	Mr. Dodsworth	150

Central Provinces Forest Officers:		Rs.
Conservator	*Lieutenant Doveton, absent, Europe.	–
Officiating	*Captain Jacob	800
	*Captain Douglas	500
	*Mr. Thompson	500
	*Mr. Webber	450
	Mr. Cox	400
	Mr. Hicks	250
	Mr. Forster	200
	Mr. Condon	200
	Mr. Searle	200
	Mr. Davidson (forester)	280

[illegible] Forest Officers:		
Conservator	*Major Beddome	1,000
1st class Deputy	*Colonel Morgan	400
2nd „ „	*Lieutenant Walker	700
2nd „ „	*Captain Gosling, absent, sick leave.	700
3rd „ „	*Mr. Cadell	500
2nd class Assistant	*Mr. Fergusson	300
3rd „ „	Mr. Yarde	200
„	Mr. Sheffield	200
„	Mr. Hayne	200
„	Mr. Douglas	200
„	Mr. Nisbet	200
„	Mr. Cherry	200
„	Mr. Winter	200

Bombay Forest Officers:		Rs.
Conservator	*Mr. Shuttleworth	1,000
„	*Captain Peyton	1,000
3 Deputies	Names unknown - each	700
8 Assistants	Names unknown - each	350

Sindh Forest Officers:		
Forest Ranger	Mr. Fenner	900
Deputy „	Mr. Hexton	300
	*Mr. Schlich	500
Supernumerary	*Mr. Pengelly	250
„	*Mr. Dasai †	250

Coorg Forests:		
1 Assistant Conservator.	Name unknown	350

† Native of India, but trained for the service in France.

(Question 2743.)

STATEMENT and REPORT of the TEAK PLANTATIONS of MALABAR.

The subjoined Statement shows the Number of Seedlings planted out, and the Receipts and Charges of the Nellumboor Plantation during the last 12 years, 1857–58 to 1868–69 inclusive.

Year of Plantation.	Number of Plants.	Receipts.	Charges.
		£.	£.
1857–58	43,400	1,854	In the Collector's office, Calicut.
1858–59	38,800	1,768	
1859–60	41,680	5,165	
1860–61	83,700	4,615	2,907
1861–62	45,900	808	3,779
1862–63	71,120	17,722	6,740
1863–64	106,800	6,691	13,925
1864–65	55,100	27,159	16,039
1865–66	120,000	14,621	18,074
1866–67	103,000	27,006	12,248
1867–68	–	3,097	14,286
1868–69	–	15,906	17,308
		126,412	105,306
		105,306	
Surplus £.		21,106	

Appendix No. 6.

Public Works Department Proceedings, September 18...

REVENUE—FORESTS.

CAPTAIN SEATON'S REPORT on the TEAK PLANTATIONS of NELLUMBOOR, in MADRAS.

(Proceedings, July 1867, Nos. 14-18.)

No. 1122—11 F, dated 25 January 1869.

No. 23.—From *W. B. Macrone*, Esq., Assistant Secretary to the Chief Commissioner of British Burmah, in the Public Works Deparment, to Secretary to the Goverment of India, Public Works Department.

I AM directed by the Chief Commissioner, British Burmah, to transmit 30 copies of Captain Seaton's Report on the teak plantations at Nellamboor, in the Madras Presidency. The deputation of an officer for the purpose of inspecting these plantations was originally suggested by Dr. Brandis, and approved by the Government of India in the letter from the Public Works Department, No. 138 F, dated 6th April 1868.

2. The Chief Commissioner considers that Captain Seaton has submitted a very clear and useful report on these plantations, and he is fully satisfied that plantation work in this Province will benefit accordingly. The Government of India are aware that the policy of the forest administration of the Chief Commissioner is directed towards a vigorous expansion of the plantation system. He is quite satisfied that, judging from the results of the Madras plantations, the true method of reproducing teak timber lies in the development of plantations which can be supervised with far greater ease and economy than natural forests spread over a great area of country, sparse in population, and much of it difficult of access.

No. 71 A, dated 9 December 1868.

No. 24.—From Captain *W. J. Seaton*, Conservator of Forests, British Burmah, to Secretary to the Chief Commissioner of British Burmah, in the Public Works Department.

FOR the information of the Chief Commissioner, I have the honour to submit the following report of the visit paid by me to the teak plantations at Nellamboor, in the Madras Presidency, in accordance with your Proceeding No. 23, dated 12th May 1868.

2. From Ootacamund, which I left on the 26th September, I proceeded to Neddavattum, distant 18 miles, thence down the Neddavattum Ghât, a descent of 3,000 feet, to Cuddaloor in the Wynaad, distant five miles. From thence my route was eight miles westward over the Wynaad plateau to the head of the Carcoor Ghât, down which I descended 3,000 feet by an excellent cart-road into the level country of the Malabar district, and on to Nellamboor, distant, in all, 22 miles from the head of the Ghât.

3. I would here add my testimony in support of the far-famed reputation which the forests of the Western Ghâts have acquired. A few hundred feet below the head of the Carcoor Ghât the road enters dense evergreen forest of huge trees with clear stems of 100 to 120 feet to the first branch, with an almost impenetrable undergrowth of ferns and evergreen shrubs.

For luxuriance of growth, size, and height of stems, it would be difficult to find anything to rival these trees, except in some of the evergreen forests of the Tenasserim division of this Province, mentioned in the Administration Report on the Attaran Forests for 1858, page 54, para. 15.

The principal species on the Carcoor Ghât are the wild Jack or *Artocarpus hirsuta;* the poon spar or *Calophyllum elatum;* naga, *Mesua;* pala, *Bassia elliptica*, and the pink cedar, *Acrocarpus fraxinifolius*, as well as some *Dipterocarpeæ*, all of which are said to yield valuable timber, and will doubtless be removed now that the road renders the locality so accessible.

The lower part of the Ghât is occupied by deciduous forests and belts of the thorny bamboo, *Bambusa arundinacea*, with a sprinkling of teak of very fair growth, of 2nd, 3rd, and 4th classes; some vengay; *Pterocarpus marsupium; Inga Xylocarpa; Terminalia tomentoso*, and *Dalbergia latifolia*, or the black-wood tree of India.

4. I reached Nellamboor on the 28th September, and with the kind aid of Mr. Ferguson, the Assistant Conservator in charge, was able to examine almost every part of the plantation by the 5th October.

Appendix No. 6.

To convey a comprehensive idea of these plantations, a description of them must of necessity enter into details, especially if it is to prove in any degree interesting and instructive to forest officers in Burmah.

5. These details will be treated separately, under the following heads :—

I.—History.
II.—Situation and Exposure.
III.—Area.
IV.—Soil.
V.—Accessibility and Facilities for Transport of Timber.
VI.—System of Cultivation.
VII.—Condition of Plantations, and Results of Measurements.
VIII.—Expenditure.
IX.—Revenue, Present and Prospective.
X.—Comparison with British Burmah Plantations.

I. *History.*—In 1844, several large blocks of land, covered with jungle, and estimated to embrace an area of 20,000 acres, were obtained by the Madras Government on perpetual lease from the Rajah of Nellamboor, the Zamorin Rajah of Calicut, and the Hindoo temple of Tricaloor Devassum, on condition of a stump fee of eight annas being paid by Government for every planted tree on arrival at maturity.

The first plantation was commenced (in 1844) by Mr. Conolly, the Collector of Malabar, who, in 1855, met his death at the hands of Moplah assassins, and in whose memory these plantations have been officially designated the "Conolly" plantations.

The area annually planted was at first 100 acres, but this was gradually reduced to about 50 acres, until 1863, when the plantations were placed in charge of the present incumbent, Mr. Ferguson, a trained forester from Scotland, under whose able management the area planted annually was increased to 100 acres.

II. *Situation and Exposure.*—The "Conolly" plantations are situated on undulating ground along the banks of the Beypoor River, and of its tributaries the Shalaya, Sheriapoya, and Sharpoya, at the points of confluence above and below the village of Nellamboor, which is about 10 miles from the foot of the Western Ghâts, and 40 miles from Calicut on the coast.

Towards the north and east the Nellamboor District is sheltered by the Western Ghâts and Neilgherry Hills, which on this side present, in some places, almost precipitous declivities of 6,000 feet, while on the north-west side it is protected by the "Vellay Mullay" Range, a spur of the Western Ghâts running to the south-west and west, and terminating near the coast.

Being thus open to the south and so near the sea, the climate of Nellamboor is particularly moist during the monsoon, the rainfall being 150 inches and above, while, owing to its sheltered position with regard to northerly and easterly winds, the heat at nearly all seasons of the year is excessive. It is, in short, a "forcing climate" as regards vegetation, and so much so that Nellamboor is compared in that respect by some to a huge conservatory.

III. *Area.*—The area planted up to date with teak is about 2,000 acres. The plantations extend in narrow belts a distance in all of six miles, and vary in width from quarter mile to a mile; having a stream on one side, and either paddy fields or low jungle on the other.

IV. *Soil.*—Near the banks of the streams the soil is a rich alluvial deposit of great depth, with, in some places, a large admixture of sand. A few hundred feet from the banks the soil changes to sand and disintegrated laterite resting upon a substratum of hard laterite, which crops out above the surface wherever the ground is a little elevated.

V. *Accessibility and Facilities for Transport of Timber.*—From Nellamboor down to the coast, the Beypoor River is navigable all the year round for boats of good size. Its tributaries likewise are large streams with flowing water in them throughout the year. From their proximity to such waterways, the greatest facilities exist for the removal of the timber, which is taken to Calicut for sale.

VI. *System of Cultivation—Propagating and Planting.*—In December, at the close of the north-east monsoon, the jungle on the site selected is felled and prepared for burning, which usually takes place at the very close of the dry season.

In April, before the setting in of the rains, nurseries are formed in a part where water can conveniently be had.

The seed, after being steeped 48 hours in cold water, is sown on raised beds of fine mould, freed from grass, roots, &c., perfectly level, and surrounded with a margin four inches high to help to retain the water when poured on. These beds are then covered with straw to prevent a too rapid evaporation, and are kept moist by constant watering until the seed germinates, and the young plants break the ground, which is generally within a lapse of from 12 to 20 days.

As soon as the rains commence, the plants are put out in line six feet apart, and at six feet distances within the lines, the plants in every alternate row being opposite the vacancies in

in rows next to them. They are placed in pits a foot square and a foot deep, filled with good surface mould. Nothing more is done besides hoeing the ground around the plants and weeding them from time to time, as may be necessary.

A plantation is generally four years old before it is able to keep down grass and other jungle by its shade.

Pruning.—In the second year and subsequently, the plants are pruned of their lower branches; in this operation the foreshortening system is observed, in lieu of close pruning.

Thinning.—In the fifth year, thinnings take place of all the weaker and overtopped trees, which can be removed without affecting the cover, which should be such that the primaries can develop themselves while the extremities of the boughs are interlaced. Thinnings are repeated every five years until the plantation attains the age of 20 years, when once in 10 years is deemed sufficient.

Fire tracing.—A broad belt, several yards wide, is cleared around the boundaries of the plantations, about the middle of the dry season, and peons accompanied by coolies are sent to examine this cleared track every second or third day to see that no further accumulation of leaves and inflammable matter takes place.

VII. *Condition of Plantations, and Results of Measurements.*—At the first glance at the older plantation, from 12 to 24 years of age, one cannot but be struck with the magnificent growth of the trees. The largest are from 4 ft. 7 in. to 5 feet in girth, with straight cylindrical stems 60 to 70 feet in height. These are found more or less on alluvial soil close to the streams; elsewhere, the growth of the trees, although in many parts excellent, does not appear to have been so rapid, but this is only what might have been expected on indifferent soil with laterite at no great depth below.

The presence of so many trees of smaller girth will account for the average size of the trees in the oldest plantation not exceeding 2 ft. 5 in., as will be seen from the results of the measurements detailed below.

Every part of the plantations bore evidence of the good resulting from a careful pruning of the side branches, some of which appeared to have been taken off at a height even of 20 feet.

In parts, thinnings seem to have been carried on almost too freely, and this, perhaps, may account for the clearing away of the underwood being found necessary in some of the older plantations before pruning operations could be carried on. A few trees bent over with the wind were met with; probably the per-centage of trees thus affected is small, owing to the sheltered position of Nellamboor, and this might justify the removal of more trees in the thinnings than is usually deemed advisable; the advantage accruing from it being that the stems develop themselves much more rapidly.

PLANTATION OF 1844. Soil.—Alluvial soil of good depth near the stream; elsewhere, a ferruginous loam mixed with decomposed laterite.

Growth.—Excellent.

Cover.—Complete.

Average number of trees per acre	195
„ girth at six feet from the ground, calculated on measurements of 114 trees on ·58 of an acre	2 ft. 5 in.
Maximum girth	4 ft. 8 in.
Minimum „	1 ft. 4 in.
Height of larger trees in clear stems	65 feet.

PLANTATION OF 1849. Soil.—Dark alluvial, changing into ferruginous loam, and disintergrated laterite on the higher parts.

Growth.—Good on the laterite soil; two forked trees were bent by the wind. Height of trees also is considerably less than on the alluvial soil.

Cover.—Incomplete; more or less open.

Average number of trees per acre	297
„ girth calculated on measurement of 125 trees standing on ·42 of an acre	2 ft. 1 in.
Maximum girth	3 ft. 5 in.
Minimum „	1 ft. 4 in.
Height of stems	50 to 57 feet.

PLANTATION OF 1854. Soil.—Alluvial, with a great admixture of sand.

Growth.—Excellent; two exceptionally large trees were met with, 3 ft. 3 in. and 3 ft. 5 in. girth.

Cover.—Complete, underwood springing up.

Average number of trees per acre	338
„ girth, calculated on measurement of 88 trees standing on ·26 of an acre	2 ft. 2 in.
Maximum girth	2 ft. 5 in.
Minimum „	0 ft. 10 in.
Height in clear stem	51 feet.

Appendix No. 6.

Measurements were taken in another part of this plantation of 27 trees standing upon ·60 of an acre, on almost pure laterite, with hard rock cropping out of the surface here and there.

The results were—

Average girth	1 ft. 5 in.
Maximum „	1 ft. 10 in.
Minimum „	1 ft. 1 in.
Height of one of the largest trees	35 feet.

Cover.—Barely complete, leaves yellowish, sparse, and a good deal eaten by insects.

Plantation of 1856. Soil.—Alluvial, with a mixture of decomposed laterite on the higher parts.

Growth.—Good.

Cover.—Complete.

Average number of trees per acre	476
„ girth, calculated on measurement of 119 trees on ·25 of an acre	1 ft. 4 in.
Maximum girth	2 ft. 7 in.
Minimum „	0 ft. 10 in.
Height in clear stems	45 feet.

Plantation of 1859. Soil.—Ferruginous loam, which is mixed with decomposed laterite on the more elevated parts.

Growth.—Good on the loamy soil, elsewhere indifferent.

Cover.—Complete in parts.

Average number of trees per acre	811
„ girth, calculated on measurement of 159 trees on ·196 of an acre	1 ft. 1 in.
Maximum girth	1 ft. 8 in.
Minimum „	0 ft. 7 in.
Height of larger trees in clear stems	39 ½ feet.

Plantation of 1861. Soil.—Alluvial.

Growth.—Good many trees, with patches of white lichen on the bark.

Cover.—Too dense, thinning necessary.

Average number of trees per acre	771
„ girth, calculated on measurement of 152 trees standing upon ·197 of an acre	1 ft. 2 in.
Maximum girth	1 ft. 9 in.
Minimum „	0 ft. 6 in.
Height of larger trees	43 feet.

Plantation of 1862. Soil.—Rich alluvial; soil of dark colour.

Growth.—Good.

Cover.—Very dense, no thinnings appear to have taken place. A few trees appear to have died off.

Average number of trees per acre	870
„ girth, based on measurement of 112 trees on ·1287 of an acre	1 ft. 0 in.
Maximum girth	1 ft. 8 in.
Minimum „	0 ft. 5 in.
Height of larger trees in clear stems	37 feet.

Plantation of 1864. Soil.—Alluvial.

Growth.—Excellent. Three forked trees observed.

Cover.—More or less complete.

Average number of trees per acre	860
„ girth, based on measurement of 130 trees on ·151 of an acre	0 ft. 10 in.
Maximum girth	1 ft. 2 in.
Minimum „	0 ft. 11 in.

VIII. *Expenditure.*—The expenditure on all the plantations amounts annually to about 7,000 rupees, of which sum 3,000 rupees, or 30 per acre, is expended solely on the clearing, planting, hoeing, and the weeding operations of the additional 100 acres added annually to the plantation.

The

The establishment maintained at Nellamboor consists of—

1 Overseer
2 Writers
3 Duffadars
13 Peons
} on 236 rupees per mensem.

At this establishment is employed in other operations connected with the working of the forests of the Nellamboor Range, half of this sum, or nearly 120 rupees per mensem, can be fairly charged against the plantations, which is equal to 1,440 rupees in the year.

The cost of the thinnings, which amounts to 20,000 saplings annually, is as follows:—

	Rs.
Marking and felling, at 8 annas per 100 - - - -	100
Collection at the bank of the stream, at 40 rupees per 1,000 -	800
Rafting to Calicut, at 60 rupees per 1,000 - - - -	1,200
	2,100

The remainder of the expenditure is upon pruning operations and the clearing of underwood connected with it.

IX. *Present and prospective Revenue.*—The annual yield of these plantations is about 20,000 saplings, the produce of thinning operations.

The saplings are thus classed for sale—

Under 6 inches diameter, 1st class.
„ 5 „ 2nd „
„ 4 „ 3rd „
„ 3 „ 4th „

They realize from 5 annas to 5 rupees each at Calicut, where they appear to find ready sale for house-building purposes, and for conversion into masts and yards of coasting vessels. On an average, the saplings are said to realise 8 annas each all round, or 10,000 rupees annually.

This considerably exceeds the expenditure, estimated at about 7,000 rupees, and shows the present financial results of the plantations to be highly satisfactory.

The future prospects of the plantations are yet more promising, and bid fair to prove a source of great wealth to Government.

The older parts of the plantations, now 24 years of age, will probably reach maturity within a period of 60 years.

At the close of the above term, it may be confidently expected that the plantation will be in a position to yield mature timber on 100 acres annually.

If 50 first-class trees are taken as the average yield per acre, and each of these trees estimated to contain about 50 cubic feet of timber, it may safely be assumed that a net revenue will accrue of about 40 rupees per tree, or two lakhs annually. This is based on the supposition that the Nellamboor teak will continue to realise the same high prices as is the case at present, viz.; from 1 rupee to 1–8 and 2 rupees per cubic foot.

X. *Comparison of Results with those of the Teak Plantations of British Burmah.*—I now only remains for me to compare the "Conolly" plantations with those of this province, and to state whether it will not be advantageous to introduce alterations in our system of cultivation and in selection of future sites for plantations.

A short review of the British Burmah plantations will not be out of place here.

The experimental cultivation of teak was commenced in 1856.

The area under teak cultivation is at present about 765 acres, viz.:—

	Acres.
Rangoon Division - - - - - - - -	45
Tharrawaddie „ - - - - - - - -	351
Prome „ - - - - - - - -	67
Sittang „ - - - - - - - -	285
Salween „ - - - - - - - -	17
	765

Many of these can only rank as experimental plantations, and consist of small detached blocks, the largest at present not more than 185 acres in extent. Many have been made on soil most unsuitable for the growth of teak. The formation of one plantation was attempted in the Tharrawaddie on ground so badly drained, that only a few of the trees survived; more recently a similar error was committed in the Sittang Division by the selection of localities where the soil was nothing more than a superficial layer of sand and disintegrated laterite resting upon pure laterite.

In the Prome plantation, commenced in 1856, the actual area of suitable soil is limited to the slopes and level ground at the base of the most westward line of low hills, the soil on most of the hills being dry, hard, and capable of producing only timber of inferior quality.

Appendix No. 6.

Wherever good alluvial soil was selected, such as in the Thinganneenoung on the Attaran, the lower parts of the Prome plantation, and a part of the Myodwin plantation, the growth of the trees has been all that could be desired, and leaves no doubt as to the artificial cultivation of the tree being attended with results equal to those obtained in the Nellamboor plantation.

An instance of this is the Myolay Choung plantation of 1863 at Myodwin. The average girth, taken from 90 trees in January 1868, was found to be 12·2 inches, which shows the growth to be equal in rapidity to that of the (1862) plantation in Nellamboor, the average girth of which was found to be 12 inches.

The average girth of the trees in the oldest part of the Prome plantation planted in 1856 is 1 foot 8 inches, while that of the (1856) plantation at Nellamboor has been found to be 1 foot 4 inches; but this difference may be accounted for by the measurement in the Prome plantation having included only the trees on the level ground, where the soil is richest.

It will thus be seen that there is every prospect of the teak plantations of this Province rivalling those of the Madras Presidency, if due attention be paid to the question of soil and drainage.

Accessibility and cheap means of transport are also requisitions in the selection of sites for plantations.

The Nellamboor plantations, as will have been seen by the description given above, are in this respect most favourably situated.

Burmah, however, is well intersected by large streams, and though it may not be possible to obtain good sites for plantations within a distance of 40 miles from the seaboard, the rainfall in the lower part of the Province is so abundant, that streams of much smaller capacity than the Beypoor River can be used in the rains for the transport of timber.

In the matter of cultivation every effort has been made to reduce the expenditure as much as possible, and with very good results in the Sittang division, but in this there is the danger of overlooking details and risking the successful issue of the work as has already been observed by my predecessor in para. 50 of the Administration Report for 1865–66.

The contrast between the younger plantation at Nellamboor and those recently commenced in the Sittang and Tharrawaddie Divisions fully confirm this.

In the former it is difficult to find any failures among the plants, while in the Sittang plantations, examined last January, from 18 to 32 per cent. of the plants were found to have failed, and in the Tharrawaddie Division upwards of 35 per cent.

Doubtless the blanks can be filled up in the course of a season or two, but not without a good deal of labour. In such plantations also, grass and other jungle spring up in great luxuriance, and increase the risk of injury by fire, as well as add considerably to the expenditure in clearing.

The cause of these failures is, in most cases, the system in vogue in this Province of sowing the seed in lines at certain distances apart, and of having only a small nursery to fill up the spots when the seed happens to fail.

The first objection to this system is, that thoroughly good and reliable seed is most difficult to obtain, and thus failures will always occur. In the second place, as the sowing does not take place till the rains fairly set in, it may be assumed that the failures are not discovered till a month or more is passed. If the weather is not propitious for transplanting, the removal of the plants from the nursery is delayed accordingly, and it generally happens that the blanks are not fairly re-stocked with plants until two months of the rainy season have gone by. These transplants, as a rule, turn out weak, and do not become well established in the remaining three months of the rainy season. They are consequently unfit to stand the continued drought of the dry season, and a large per-centage of them as a matter of course succumb to the heat.

In the Nellamboor plantation, the system is different; the seed being sown and the young plants raised in nurseries a month before the rains set in, when transplanted into the main plantation, they have the whole of the rainy season before them, and are consequently so vigorous and well established at its close, as to be little affected by the dry season.

The adoption of this system will do away with the failures in our plantations, and, under proper management, ought not materially to add to the cost of plantations.

The advantage accruing from the plants growing up in one compact mass of uniform size will be, the more even and regular growth of the trees, and the development of long stems.

If, in addition to this, pruning operations are carried on with that care and regularity which have been bestowed on those of the Nellamboor plantation by Mr. Ferguson, I have no doubt that all our plantations will have that regularity in growth, height, and symmetry of stems which is the main characteristic of the "Conolly" plantations.

6. In concluding this report, I would take this opportunity of recording my indebtedness to Major Beddome, the Conservator of Forests, who accompanied me to the Nellamboor plantation from Ootacamund, and to Mr. Ferguson, from whom I received every assistance while examining these plantations, which reflect so highly on his able management and practical knowledge as a forester.

7. It may not be out of place here to add that on my return to the Wynaad *en route* to Ootacamund, I made a *détour* to the northward as far as the Mudamullay forest range. A small teak plantation was commenced five years ago at Mudamullay, but it is not in a very promising condition; the trees are stunted, and the blanks numerous. An earth

cutting

cutting near the plantation fully explained these unsatisfactory results; the soil, although a light vegetable mould, did not extend to a greater depth than three feet, below which there was a hard stratum of laterite.

8. To the west of Mudamullay I visited the Benni forest, situated on some hills, drained by feeders of the Cubbani river. Here, as well as at Mudamullay, the teak, though abundant and of good girth, has a stunted appearance, the stems being short compared with the teak found in these Provinces. In some parts of the Benni forest there is very fair timber; the stems of some of the trees were upwards of 60 feet in height, and doubtless in the more sheltered localities such timber is to be found in considerable profusion.

CIRCULAR, No. 15 F., dated 13 September 1869.

No. 25.—*Resolution*, by the Government of India, Public Works Department.

Read again:—

Proceedings of the Government of Madras, in the Revenue Department, of 5th November 1867, Nos. 95-6.

Public Works Department, Circular, No. 17 F., of 15th July 1867.

Read also:—

A letter from the Chief Commissioner of British Burmah, No. 1,122—11 F., dated 25th January 1869, and enclosure.

OBSERVATIONS.—The Governor General in Council has read with great interest a report submitted by Captain Seaton, Conservator of Forests in British Burmah, on the Nellumboor teak plantations in Malabar.

2. This report gives a clear and business-like account of the present state and of the past history of these excellent plantations, which were first established in 1844 by the late Mr. Conolly, Collector of Malabar, and which are now reported to cover an area of more than three square miles.

3. The reports of all officers who have visited these plantations agree that the selection of the land was excellent as regards climate, soil, the facility for the export of timber, and other circumstances.

4. The most remarkable feature, however, of these plantations is, that apparently they have been established at a very small cost to the State, and, from the reports received, it would appear that at this time they are self-supporting.

5. The following figures have been taken from the proceedings of the Madras Government of November 1867, and the Madras Forest Report for 1867–68:—

	Receipts.	Charges.
	Rs.	*Rs.*
1857-58 to 1859-60 - - - -	8,787	Not given.
1860-61 and 1861-62 - - - -	5,423	6,686
1862-63 to 1866-67 - - - -	93,199	67,026
In 1867-68 - - - - - -	3,097	14,286
TOTAL from 1860-61 to 1867-68 - *Rs.*	1,01,719	87,998

Thus during the last eight years, for which complete figures are available, there has been an average annual outlay of 11,000 rupees, against average receipts of 12,500 rupees per annum.

6. It is understood that latterly upwards of 100 acres have been planted annually: the average cost per acre, therefore, may be assumed as 110 rupees.

7. The nature of these receipts is stated in the Proceedings of the Madras Government to have been as follows, for the five years from 1862–63 to 1866–67:—

	Rs.
Sale of thinnings of plantations - - - -	53,737
Sale of natural timber and bamboos - - -	39,462
Total - - - *Rs.*	93,199

Appendix No. 6.

8. Under such favourable circumstances, it would appear to his Excellency in Council that there is no limit to the extension of these plantations, except the amount of land available, and the supply of labour; and these excellent results, which are the best proof of the care bestowed by the Madras Government upon this important undertaking, appear to justify the extension of these plantations on a very much larger scale than has hitherto been attempted.

9. At the present rate of progress, Captain Seaton estimates that at the end of 80 years from the commencement of operations, upwards of 8,000 acres, or 12½ square miles, will have been planted, which, at the present rate of expenditure, will entail a total outlay of 8,80,000 rupees. But unless the demand for timber and poles should decrease, or other unfavourable circumstances should arise, the whole of this outlay will be covered by the receipts from thinnings and other sources. Thus in Nellumboor the revenue, which at the end of 80 years will be derived by cutting down, say, 100 acres of mature forest annually, will be a pure gain. Captain Seaton estimates the value of an acre covered with pure teak forest, 80 years old, in this locality at 2,000 rupees. At this rate the Nellumboor teak plantations will, 60 years hence, yield an annual revenue of 2,00,000 rupees, provided the whole area, 8,000 acres, shall have been planted by that time. And if present anticipations are realised, this revenue, which amounts to 25 rupees per acre on the total area, will be secured without the outlay of any considerable capital. And even if this estimate should not be fully realised, it appears to his Excellency in Council that the results already achieved are most encouraging, not only as regards Malabar, but also as regards other localities where climate and other circumstances for the growth of teak are equally favourable.

Bombay.
Bengal.
North Western Provinces.
Punjab.
Oudh.
British Burmah.
Central Provinces.
Mysore.
Coorg.
Hyderabad.
Central India.
Rajpootana.

ORDER.—*Ordered*, That a copy of this Resolution, and of Captain Seaton's Report referred to, be forwarded to the Government of Madras for information, and to the local Governments and Administrations noted in the margin.

Appendix, No. 7.

PAPERS furnished to the Committee by Sir *Thomas Pycroft*, and referred to in his Evidence, 9 May 1871. Appendix, No. 7.

STATEMENT showing the Quantities of SALT Sold for Home and Inland Consumption in the MADRAS PRESIDENCY, with the Price per Indian Maund in each of the undermentioned Years.

YEARS.	Quantities of Salt Sold for Home and Inland Consumption in Indian Maunds of 82⅔ lbs. each.	Price per Indian Maund.	REMARKS.
1850–51	49,04,438	1 rupee.	
1851–52	51,82,263		
1852–53	51,36,586		
1853–54	48,85,475		
1854–55	47,87,663		
1855–56	53,49,923		
1856–57	53,09,656		
1857–58	56,56,140		
1858–59	57,15,943		
1859–60	57,98,592	*Rs.* 1. 2.	
TOTAL	527,26,679		
Average of 10 Years	52,72,668		Equal to 193,690 tons.
1860–61	60,74,763	*Rs.* 1. 2. to *Rs.* 1. 6.	
1861–62	58,21,766	*Rs.* 1. 6. to *Rs.* 1. 8.	
1862–63	61,22,205	*Rs.* 1. 8.	North Canara transferred to Bombay in 1862–63, prior to which the average quantity sold of 9 years previous was 1,40,914 maunds, or about 5,176 tons.
1863–64	60,99,411		
1864–65	69,46,048		
TOTAL	310,64,193		
Average of 5 Years	62,12,838		Equal to 228,227 tons.
1865–66	66,81,202	*Rs.* 1. 8. to *Rs.* 1. 11.	
1866–67, 11 months only	63,10,841	*Rs.* 1. 11.	
1867–68	66,53,956		
1868–69	67,05,865		
1869–70	63,85,928	*Rs.* 1. 11. to 2 rupees	
TOTAL	327,37,792		
Average of 5 Years	65,47,558		Equal to 240,523 tons.
Increase average between 2nd and 1st periods.	9,40,170		Equal to 34,528 tons.
Ditto, 3rd and 1st periods	12,74,890		Equal to 46,833 tons.
Ditto, 3rd and 2nd periods	3,34,720		Equal to 12,296 tons.
Ditto, 1st and 2nd decades	11,07,530		Equal to 40,685 tons.

Statistical Department, India Office,
9th May 1871.

RETURN exhibiting the Gross Area, Area Cultivated, Culturable and Unculturable, the Area Assessed, with the Amount of Assessment, and the Rate Per Acre on Cultivation, &c., &c., for each Presidency or Province of *British India*, in 1868-69, so far as it can be ascertained from available Sources.

PRESIDENCIES AND PROVINCES.	Total Area according to latest complete Information, Calculated at 640 Acres to the Square Mile.	SURVEYED AND ASSESSED AREA.				Total Area Assessed.	ASSESSMENT.			
		Area Cultivated.	Uncultivated.				Gross Amount.	Rate Per Acre on Cultivation.	Rate Per Acre on Cultivated and Culturable Lands. Cols. 2, 3, 4.	Rate Per Acre on Total Area of Assessment.
			Grazing Lands.	Culturable.	Unculturable, Waste, or Barren Lands.					
	Acres.	*Acres.*	*Acres.*	*Acres.*	*Acres.*	*Acres.*	£.	£. s. d.	£. s. d.	£. s. d.
Bengal (Lower Provinces)	158,338,240	-	-	No information.						
North West Provinces	53,559,680	24,105,849	651,612	7,625,300	16,821,116	49,203,877	3,953,821	– 3 3¼	– 2 5¼	– 1 7¼
Oude	15,398,400	5,115,115	1,919,212	-	2,340,028	7,034,327	1,054,605	– 4 1¼	– 2 11¾	– 2 11¾
Punjab	65,280,640	20,171,558	3,665,618	14,017,793	27,428,081	(a) 65,283,050	2,170,929	– 2 1¾	– 1 1¾	– – 8
Central Provinces	53,049,600	12,197,396	2,936,741	10,819,831	9,722,226	35,676,194	581,171	– – 11⅓	– – 5¼	– – 3¾
British Burmah	59,573,760	1,944,442	9,528,277	-	26,504,442	1,934,768	308,093	– 3 2	– – 6½	– 3 2
Madras	90,717,440	16,518,077	-	No information	-	-	(b) 8,198,611	– 3 10½	—	—
Bombay	56,088,960	20,060,140	-	22,911,844	-	2,835,654	22,971,084	(c) 2,571,005	– 2 6¾	– 1 2¼
Sind	34,817,920	1,984,680	-	-	No information	-	-	(c) 396,208	– 3 11½	—
Hyderabad Assigned Districts or Berars.	10,854,400	4,947,187	-	-	No information	-	-	447,557	– 1 9½	—
Mysore	18,209,280	3,731,377	-	3,252,790	-	(d) 11,225,113	8,072,593	(e) 735,318	– 3 11¼	– 2 1¼	– 1 9¾
Coorg	1,536,000	336,894	-	1,104,640	-	94,720	336,894	44,125	– 2 7¼	– – 7¼	– 2 7¼

(a) So returned in Administration Report, but obviously an error, it is more probably intended to represent the Gross Area than the Area Assessed.
(b) Assessment on Cultivated Land only.
(c) Land Revenue deducting Alienations.
(d) Includes Estimate of Mountains, Rivers, &c.
(e) Land Revenue Assessed.

Note.—The above has been compiled from Administration Reports, and the separate Reports on Revenue of the respective Governments, but it is feared the information thus tabulated is not entirely to be relied upon.

Statistical Department, India Office,
24 April 1871.

Appendix, No. 8.

PAPERS handed in by Sir *H. Bartle Edward Frere*, K.C.B., 23 May 1871. Appendix, No. 8.

ACT No. XIII. of 1871.

Passed by the Governor General of India in Council.—Received the assent of the Governor General on the 31st March 1871.

AN ACT to Consolidate and Amend the Law relating to CUSTOMS DUTIES.

WHEREAS it is expedient to consolidate and amend the law relating to the duties of Customs on goods imported and exported by sea, it is hereby enacted as follows:— Preamble.

1. This Act may be called "The Indian Tariff Act, 1871." Short Title.
It extends to the whole of British India, except Aden; and it shall come into force on the passing thereof. Local extent; commencement.

2. There shall be levied and collected, in every port to which this Act applies, the duties specified in Schedules A. and B. hereto annexed. Duties specified in Schedules A and B to be levied.

3. Goods not prohibited to be imported into or used in British India, composed of any article liable to duty as a part or ingredient thereof, shall be chargeable with the full duty payable on such article, or if composed of more than one article liable to duty, then with the full duty payable on the article charged with the highest rate of duty. Goods partially composed of dutiable articles.

4. Nothing herein contained affects Act No. XX. of 1867, or authorises,— Saving clause.

1. The levy of import duties on articles (other than salt, opium, and spirits) imported into one port in British India from another;

2. The levy of export duties on articles exported from one port in British India to another;

3. The levy of export duties on articles exported by sea to any place other than a foreign port in India, when such articles have been imported by sea into British India.

And, notwithstanding anything herein contained, no opium shall be exported from British India, unless it be covered by a pass granted by an officer appointed in this behalf by the local government.

5. Section 27 of the Consolidated Customs Act shall be construed as if, for the words "for which a specific value has not been fixed by the local Government with the sanction of the Governor General of India in Council," the following words were substituted; that is to say, "for which a specific value is not fixed by the Indian Tariff Act, 1871;" but, save as aforesaid, nothing herein contained shall be construed to affect the provisions of the Consolidated Customs Act. Construction of Section 27 of Act VI. of 1863.

6. The Governor General in Council may from time to time, by notification in the "Gazette of India," fix for the purposes of this Act the value of any goods exported or imported by sea on which duties of customs are hereby imposed. Power to fix value of dutiable goods.

7. Nothing in Schedule B. hereto annexed applies to pepper exported by sea from the port of Cochin. But on all such pepper there shall be levied such duty, not exceeding nine rupees per khandí, as the Governor of Fort St. George in Council from time to time determines; and at the close of each year, or as soon after as may be convenient, the collector of Customs at the said port shall, after deducting the expenses of collection, pay the duty collected under this section to the Government of Travancore and Cochin, in such proportions and in such manner as the said Governor in Council from time to time directs. Pepper exported by sea from Cochin.

8. Duties of customs shall be levied on goods passing by land into or out of foreign European settlements situate on the line of coast within the limits of the Presidency of Fort St. George, or the Presidency of Bombay, at the rates prescribed in the Schedules A. and B. hereto annexed. Duties on goods crossing frontiers of foreign European states in Presidencies of Madras and Bombay.

9. The enactments mentioned in Schedule C. hereto annexed are repealed to the extent specified in the third column of the same schedule. Repeal of enactments.

Appendix, No. 8.

SCHEDULE (A).

IMPORT TARIFF.

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
		Rs. a.	
1	Apparel, including Haberdashery, Millinery, &c.	*Ad valorem*	Seven and a half per cent.
2	Arms, Ammunition, and Military Stores:		
	Gunpowder, common	– 5 per lb.	
	„ sporting	1 – „	
	Fire-arms and parts thereof	*Ad valorem*	
	All other sorts, including military accoutrements, uniforms, &c.; but excluding military and other regulation accoutrements and uniforms imported for private use by persons in the public service	*Ad valorem*	
3	Asphalte	20 0 per ton	
4	Beads and False Pearls:		
	Beads, China	30 – per cwt.	
	„ Common	28 – „	
	„ Ruby, of all sizes	– 12 per lb.	
	„ Seed	– 10 „	
	„ Small, scarlet and red	– 10 „	
	„ Coral (false) Moorzun	– 8 per corge of 2,000 beads	
	All other sorts of false corals and beads	*Ad valorem*	
	Pearls, false, Bajeria	5 – per lakh	
	„ Boria	1 – per thousand	
	„ Jouria	8 – per lakh	
	„ Nathia	– 6 per thousand	
	„ Tachea	– 12 „	
	„ Wattanah	10 – per lakh	
	„ All other sorts	*Ad valorem*	
5	Cabinet-ware	*Ad valorem*	
6	Candles, Wax, Composition, and other kinds:		
	Candles, Wax	1 – per lb.	
	„ Paraffine	– 8 „	
	„ Spermaceti	– 8 „	
	„ Composition and other sorts	– 5 „	
7	Carriages	*Ad valorem*	
8	Clocks, Watches, and other Time-keepers	*Ad valorem*	
9	Coffee:		
	Persian Gulf and Red Sea	30 – per cwt.	
	Other places	20 – „	
10	Corals, real	*Ad valorem*	
11	Corks	1 8 per gross	
12	Cotton:		
	Thread:		
	Sewing thread, white and coloured	– 11 per lb.	
	„ „ In reels, or on cards of 100 yards (and *pro rata* above and below)*	2 4 per gross reel	
	„ „ Goa and country	30 – per cwt.	

* Exceeding this length to be charged in proportion.

SCHEDULE (A.)—IMPORT TARIFF—*continued.*

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
	Cotton—*continued*:	*Rs. a.*	
	Twist:		
	Mule, under No. 15	– 6 per lb.	Three and a half per cent.
	" Nos. 16 to 24	– 9 "	
	" " 25 to 32	– 10 "	
	" " 33 to 42	– 11 "	
	" " 43 to 52	– 12 "	
	" " 53 to 60	– 14 "	
	" No. 70	– 15 "	
	" " 80	1 – "	
	" " 90	1 1 "	
	" " 100	1 2 "	
	" " 110	1 3 "	
	" " 120	1 4 "	
	and 1 anna additional for every count of 10 above No. 120.		
	Water, No. 20	– 10 "	
	" 30	– 11 "	
	" 40	– 13 "	
	" 50	– 15 "	
	Above 50	1 2 "	
	Turkey red twist, all kinds*	1 6 "	
	Twist, orange, red, and other colours	– 15 "	
	Piece Goods:		
	Grey:		Five per cent.
	Mulls	1 1 "	
	Jaconets exceeding 10 by 10 to the 1 inch	– 13 "	
	Other jaconets	– 11 "	
	Shirtings, madapollams and prints	– 11 "	
	Long cloths, jeans, domestics, sheetings, drills, and T. cloth	– 9 "	
	Other sorts	*Ad valorem*	
	Cotton rope	25 – per cwt.	
	Cotton goods, other kinds	*Ad valorem*	
13	Drugs and Medicines:		Seven and a half per cent.
	Acid, sulphuric	– 3 per lb.	
	Alkali, country (Sajee Khar)	2 – per cwt.	
	Aloes, black	10 – "	
	" Socotra	25 – "	
	Alum	3 8 "	
	Arsenic	25 – "	
	" China, Munseel	8 – "	
	Assafœtida (Hing)	55 – "	
	" coarse (Hingra)	10 – "	
	Brimstone, flour	7 – "	
	" roll	6 – "	
	" rough	4 8 "	
	Camphor, Bhimsing (Barras)	50 – per lb.	
	" refined cake	65 – per cwt.	
	" crude in powder	50 – "	
	Cassia Lignea	38 – "	
	Coova, red	*Ad valorem*	
	Copperas, green	2 8 per cwt.	
	Quinine	*Ad valorem*	
	Sal Ammoniac	22 – per cwt.	
	Salep	60 – "	
	Senna leaves	6 – "	
	All other sorts	*Ad valorem*	
14	Dyeing and Colouring Materials:		
	Cochineal	1 12 per lb.	
	Gallnuts, country, Myrabolam	3 – per cwt.	
	" Persian	35 – "	

* Duty to be charged on the grey weight of the coloured yarn; when not ascertainable, the actual wharf weight or invoice weight to be taken.

Appendix No. 8.

SCHEDULE (A.)—IMPORT TARIFF—*continued.*

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
		Rs. a.	
14	Dyeing and Colouring Materials—*cont^d.*		
	Gamboge wood	20 – per cwt.	Seven and a half per cent.
	Madder or Munjeet	10 – „	
	Orchilla weed	8 – „	
	Saffron, Europe	16 – per lb.	
	„ Meadow, Soorunjun	10 – per cwt.	
	„ Persian	12 – per lb.	
	„ in cakes or lumps	5 – „	
	Sapan wood and root	3 8 per cwt.	
	Aniline dies	– 8 per oz.	
	All other sorts	*Ad valorem*	
15	Fireworks:		
	China	30 0 per box of 133⅓ lbs.	
	Other sorts	*Ad valorem*	
16	Flax, Manufactures of:		
	Piece goods	*Ad valorem*	Five per cent.
	Other sorts, including linen thread	*Ad valorem*	
17	Fruits and Vegetables:		
	Almonds, without shell	25 – per cwt.	Seven and a half per cent.
	„ with shell	10 – „	
	Cajoo kernels	10 – „	
	Cocoa nuts	30 – per thousand	
	„ kernel (Copra)	9 8 per cwt.	
	Currants, Europe	35 – „	
	„ Persian	12 – „	
	Dates, dry, in bags	4 – „	
	„ wet, „	3 – „	
	„ „ in pots	6 – „	
	Figs, Europe	42 – „	
	„ Persian, dried	6 – „	
	Garlic	4 – „	
	Pistachio nuts	14 – „	
	Prunes, Bussorah	12 – „	
	Raisins, black, Persian Gulf, Red Sea, and Khismis	12 – „	
	„ Monocka, Persian Gulf, and Red Sea	7 – „	
	„ Malaga and Bloom	– 10 per lb.	
	„ Other sorts	*Ad valorem*	
	Walnuts, Akroot	5 – per cwt.	
	Mangoes, dried	*Ad valorem*	
	Prunes, Europe	*Ad valorem*	
	Other sorts, except Bidmiskh and Buzarbutto nuts, which are free	*Ad valorem*	
18	Glass and Glass-ware:		
	Bangles, glass, China, gilt	10 – per 100 pairs	
	„ „ „ not gilt	5 – „	
	Glass, broken	5 – per cwt.	
	„ China, of all colours	32 – per 133⅓ lb.	
	„ crown, coloured	32 – per 100 supl. ft.	
	„ „ of sizes	5 – per 100 supl. ft.	
	Glass and glass-ware of all other sorts, except bottles, which are free	*Ad valorem*	
19	Gums:		
	Gum, Ammoniac	10 – per cwt.	
	„ Arabic	16 – „	
	„ Bdellium, common gum	5 – „	
	„ Benjamin	33 – „	
	„ Bysabole, coarse myrrh	12 – „	
	„ Copal	65 – „	
	„ Frankincense or olebanum	9 – „	
	„ Gambier (or Kino)	8 – „	

SCHEDULE (A.)—IMPORT TARIFF—*continued.* Appendix, No. 8.

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
49	Gums—*continued.*	*Rs. a.*	
	Gum, Myrrh	24 – per cwt.	
	„ Persian (false)	3 – „	
	„ Rosin	12 – „	
	All other sorts	*Ad valorem*	
20	Groceries not otherwise described	*Ad valorem*	
21	Hides and Skins:		
	Border hides, prepared	30 – each	
	Buffalo hides, country, tanned	80 – per score	
	Calf skins	40 – per dozen	
	Chamois skins	6 – „	
	Cow hides, country, tanned	60 – per score	
	Rhinoceros leather	40 – per cwt.	
	Other sorts	*Ad valorem*	
22	Instruments, Musical	*Ad valorem*	
23	Ivory and Ivory ware:		
	Elephants' grinders	16 – per cwt.	Seven and a half per cent.
	Tusks above 20 lbs.	300 – „	
	Tusks 10 lbs. and not exceeding 20 lbs.	225 – „	
	Tusks under 10 lbs.	125 – „	
	Sea cow or moye teeth, 3 lbs. and upwards	225 – „	
	Sea cow or moye teeth under 3 lbs.	75 – „	
	Ivory, manufactures of	*Ad valorem*	
24	Jewellery, including Plate:		
	Silver-ware, plain	1 6 per tolah	
	„ embossed	2 – „	
	Jewellery and plate of all other kinds, excepting precious stones and pearls, which are free	*Ad valorem*	
25	Leather and Manufactures of:		
	Leather Boots and shoes Harness and saddlery Other sorts	*Ad valorem*	
26	Liquor:		
	Ale, beer, and porter Cider and other fermented liquors	–	1 anna per imperial gallon.
	Spirits	–	Three rupees the imperial gallon, and the duty to be rateably increased as the strength exceeds London proof. Provided that 10 per cent. *ad valorem* shall be charged on all spirits used exclusively in arts and manufactures, or in chemistry, subject to such rules as the Local Governments shall from time to time prescribe, for ascertaining that such spirits are unfit for use as a beverage and incapable of being converted to that purpose. And the officer in charge of the custom house, subject to the general instructions of the Local Government, shall decide what spirits fall within the proviso, and his decision thereon shall be final in law.
	Wines:		*Rs. a.*
	Champagnes, sparkling wines, and liqueurs	–	1 8 per imperial gallon or six quart bottles.
	All other sorts	–	1 – per ditto.
27	Matches:		
	Lucifer and all other sorts	*Ad valorem*	Seven and a half per cent.

Appendix, No. 8.

SCHEDULE (A.)—IMPORT TARIFF—*continued.*

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
		Rs. a.	
28	Mats, Floor Matting, China, of all sorts	50 – per hundred	
29	Metals Unwrought, Wrought and Manufactures of:		
	Brass, beads, Googree, China	– 12 per thousand	
	„ old	35 – per cwt	
	„ sheets, rolls very thin	80 – „	
	Copper, Australian cake	41 – „	
	„ Bolt	43 – „	
	„ Brazier's	43 – „	
	„ China cash	28 – „	
	„ Japan	41 – „	Seven and a half per cent.
	„ Nails and composition nails	43 – „	
	„ Old	40 – „	
	„ Pigs and slabs, foreign	38 – „	
	„ Sheet, sheathing and plate	43 – „	
	„ Tiles, ingots, cakes and bricks	40 – „	
	„ China. white copper-ware	1 4 per lb.	
	„ Foil dauk-pana, China	3 – per book of 100 leaves	
	„ „ „ Europe	4 – „	
	All other kinds	*Ad valorem*	
	Iron, Angle and T iron	*Ad valorem*	
	„ Beams, pillars, girders and bridge-work	*Ad valorem*	
	„ Flat, square and bolt, including Scotch	80 – per ton	
	„ Hoop, plate and sheet	100 – „	
	„ Nails, rivets and washers	10 – per cwt.	
	„ Nail, rod	90 – per ton	
	„ Old	2 8 per cwt.	
	„ Pig	40 – per ton	One per cent.
	„ Rod, round, British, under half-inch diameter	105 – „	
	„ Rod, round, British, exceeding half-inch diameter	80 – „	
	„ Swedish, flat and square	120 – „	
	„ Rice bowls	3 – per set of 10	
	„ „ „	1 8 per set of 6	
	„ Galvanised	*Ad valorem*	
	„ Other sorts, except anchors, cables and Kentledge, which are free	*Ad valorem*	
	Lametta, double reels	4 8 per score	
	„ single „	2 4 „	
	Lead, pig	10 per cwt.	
	„ pipes	13 8 „	
	„ „ tinned	16 – „	
	„ Sheets (other than thin sheets for tea canisters, which are free)	12 – „	
	Ore Galena	13 – „	
	Gold leaf, Europe	4 – per 100 leaves	
	Mock gold leaf	5 – per 20 books	
	Orsidue or brass leaves, foreign		
	Europe	1 4 per lb.	Seven and a half per cent.
	„ China	– 12 „	
	Patent or yellow metals, sheathing and sheets and bolts	35 – per cwt.	
	„ ditto old	30 – „	
	Quicksilver	1 – per lb.	
	Shot, bird	15 – per cwt.	
	Spelter nails	17 8 „	
	„ plate and other shapes	11 – „	
	„ sheet or zinc sheathing	15 – „	
	Steel, blistered	9 – „	
	„ British	9 – „	
	„ cast	25 – „	
	„ spring	10 – „	
	„ Swedish	10 – „	

SCHEDULE (A.)—IMPORT TARIFF—*continued.*

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
29	Metals, &c.—*continued.*	*Rs.* *a.*	
	Tin, block	45 – per cwt.	Seven and a half per cent.
	„ plates	12 8 „	
	Wire, brass	– 8 per lb.	
	„ common iron, Nos. 1 to 40	9 8 per cwt.	
	„ copper	– 10 per lb.	
	Other sorts, including hardware, ironmongery, and cutlery, but excluding machinery, the component parts thereof, and agricultural implements, which are free	*Ad valorem*	
30	Naval Stores:		
	Cables, coir, tarred	10 – per cwt.	Seven and a half per cent.
	Canvas, country cotton	50 – „	Five per cent.
	„ Europe, sail, not exceeding 40 yards	15 – per bolt	
	Coir, rope, Maldive and Laccadive	10 – per cwt.	
	„ yarn of all kinds	9 – „	
	Cordage, hemp, Europe	18 – „	
	„ Manilla	20 – „	
	Dammer „	5 – „	
	Pitch, American and Europe	13 – per barrel not exceeding three cwt. and *pro rata* above and below.	
	„ coal	4 8 per barrel not exceeding three cwt. and *pro rata* above and below.	
	Tar, American	13 – Ditto ditto	
	„ coal	6 8 Ditto ditto	
	„ Swedish and Archangel	14 – Ditto ditto	
	Twine, Europe, sail	– 8 per lb.	
	All other sorts, except oakum, which is free	*Ad valorem*	
31	Oils:		Seven and a half per cent.
	Cardamom	10 – per lb.	
	Cassia	4 – „	
	Cinnamon, Ceylon	10 – „	
	Cocoanut	20 – per cwt.	
	Earth	10 – „	
	Grass	2 – per lb.	
	Jingelee, or teel	20 – per cwt.	
	Kerosine, paraffine, petroleum, rock and shale oils of all descriptions	– 12 per impl. gal.	
	Linseed, country	18 – per cwt.	
	„ Europe	2 4 per impl. gal.	
	Naphtha	30 – per cwt.	
	Otto, of all sorts	20 – per ounce	
	Sandalwood	8 – per lb.	
	Sorrel	20 – per cwt.	
	Turpentine	2 – per impl. gal.	
	Whale and fish	15 – per cwt.	
	Wood	15 – „	
	All other sorts, except cocum and slush fat, which are free	*Ad valorem*	
32	Oil and Floor Cloth	*Ad valorem*	
33	Opium		Twenty-four rupees per seer of 80 tolas.
34	Paints, Colours and Painters' Materials:		
	Ochre, all colours	3 – per cwt.	Seven and a half per cent.
	Paints of sorts	12 – „	
	Composition paint and patent driers	30 – „	
	Prussian blue, China	– 8 per lb.	
	„ „ Europe	1 8 „	
	Red lead	14 – per cwt.	
	Turpentine	2 – per impl. gal.	
	Verdigris	75 – per cwt.	

Appendix, No. 8.

SCHEDULE (A.)—IMPORT TARIFF—*continued.*

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
	Paints, Colours, and Painters' Materials—*continued.*	*Rs. a.*	
	Vermillion, Canton	80 – per box of 90 bundles.	
	" Macao	30 – per box of 90 bundles.	
	White lead	12 – per cwt.	
	All other sorts, including brushes	*Ad valorem*	
35	Perfumery:		Seven and a half per cent.
	Atary, Persian	15 – per cwt.	
	Rose flowers, dried	10 – "	
	Rose water	1 12 per impl. gal.	
	All other sorts	*Ad valorem*	
36	Photographic Apparatus and Materials	*Ad valorem*	
37	Piece Goods, not otherwise described	*Ad valorem*	Five per cent.
38	Porcelain and Earthenware	*Ad valorem*	Seven and a half per cent.
39	Provisions and Oilmen's Stores:		
	Bacon in canisters, jowls and cheeks	– 9 per lb.	
	Beef	60 – per tierce of three cwt. and 40 – per barrel of two cwt.	
	Cheese	– 10 per lb.	
	Fish maws	50 – per cwt.	
	Fish sozille and singally, small	6 – "	
	Flour	25 – per barrel or sack of 200 lbs.	
	Ghee	36 – per cwt.	
	Hams	– 8 per lb.	
	Pork	50 – per tierce of three cwt. and 34 – per barrel of two cwt.	
	Shark fins	20 – per cwt.	
	Tongues, salted	10 – per keg of six	
	Vinegar in wood, Europe	1 8 per impl. gal.	
	" " Persian	– 12 "	
	" " Country	– 6 "	
	All other sorts, except biche de mer, butter and salted fish, which are free	*Ad valorem*	
40	Railway Materials:		
	Of iron	*Ad valorem*	One per cent.
	Steel rails and other articles intended for the permanent way of railways	*Ad valorem*	
	Other sorts	*Ad valorem*	Seven and a half per cent.
41	Rattans and Canes:		
	Canes, Malacca	1 – per dozen	
	Rattans	7 – per cwt.	
	All other sorts	*Ad valorem*	
42	Salt:		*Rs. a.*
	Imported from any place, whether within or without British India, (*a*) into British Burma		– 8 per maund.
	(*b*) into the territories under the government of the Lieutenant Governor of Bengal		3 4 "
	(*c*) into any other part of British India		1 13 "

SCHEDULE (A.)—IMPORT TARIFF—*continued.*

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
43	Seeds:	*Rs. a.*	
	Anchuchuck	10 – per cwt.	
	Anise, Europe	28 – „	
	Assalia	7 – „	
	Cajoo	3 – „	
	Castor	4 8 „	
	Cummin	12 – „	
	„ Black	5 – „	
	Esubgool	5 – „	
	Linseed	5 – „	
	Methee	5 – „	
	Mustard	4 8 „	
	Quince seed or badana	50 – „	
	Rape or sursee	4 8 „	
	Sawjeerah	25 – „	
	Tookmeria	7 – „	
	All other sorts, excepting seeds imported by any public society for gratuitous distribution, which are free	*Ad valorem*	
44	Shells:		
	Chanks, "large shells," for cameos	10 – per hundred	
	„ white, live	6 – „	
	„ „ dead	3 – „	Seven and a half per cent.
	Cowdas, Mozambique and Zanzibar	3 – „	
	„ from other places	– 8 „	
	Cowries:		
	Bazaar, common	4 – per cwt.	
	Maldive	16 – „	
	Sunkley	40 – „	
	Yellow, superior quality	8 – „	
	Mother o'Pearl	8 – „	
	Tortoise shell	6 – per lb.	
	„ Nuck	1 – „	
	Nuckla and other sorts	*Ad valorem*	
45	Silk:		
	Floss	8 – per lb.	
	Raw, Charon and Cochin-China	4 – „	
	„ Mathow	1 12 „	
	„ Other kinds of China	7 – „	
	„ Persian	5 – „	
	„ Punjum and Cutchra	1 12 „	
	„ Siam	4 – „	
	Sewing thread, China	8 – „	
	Other sorts	*Ad valorem*	
	Silk piece goods of sorts	*Ad valorem*	Five per cent
46	Soap	*Ad valorem*	
47	Spices:		
	Aloe wood	3 – per lb.	
	Aniseed star	40 – per cwt.	
	Betelnut, white, Sheverdhun	18 – „	
	„ all other kinds	4 – „	
	„ in husk	2 – per thousand	
	Cassia buds, Nagkessur, China	– 8 per lb.	
	Chillies, dried	8 – per cwt.	
	Cloves	12 – „	
	„ in seeds, Nurlavung	8 – „	Seven and a half per cent.
	Mace	– 9 per lb.	
	„ false	10 – per cwt.	
	Nutmegs	– 10 per lb.	
	„ in shell	– 6 „	
	„ wild	12 – per cwt.	
	Pepper, black and long	14 – „	
	„ white	25 – „	
	All other kinds	*Ad valorem*	
48	Stationery other than Paper	*Ad valorem*	

Appendix, No. 8.

SCHEDULE (A.)—IMPORT TARIFF—*continued.*

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
		Rs. *a.*	
49	Sugar and Sugar-Candy:		
	Sugar-candy, China	20 – per cwt.	Seven and a half per cent.
	„ loaf	23 – „	
	„ soft	12 – „	
	All other sorts of saccharine produce	*Ad valorem*	
50	Tea	1 – per lb.	
51	Tobacco:		
	Manufactured	*Ad valorem*	Ten per cent.
	Unmanufactured		
	Articles, such as pipes, &c., used in consumption of	*Ad valorem*	
52	Toys and Requisites for all Games	*Ad valorem*	Seven and a half per cent.
53	Umbrellas:		
	Cotton, steel ribs	– 13 each	
	„ cane ribs	– 11 „	
	„ China paper kettisals	45 – per box of 110	
	All other sorts	*Ad valorem*	
54	Woollen Goods:		
	Piece Goods	*Ad valorem*	Five per cent.
	Braid	*Ad valorem*	Seven and a half per cent.
	Other sorts		

SCHEDULE (B).

EXPORT TARIFF.

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
1	Cotton Goods:	*Rs.* *a.*	
	Piece Goods:		
	Battahs	30 – per score	Three per cent.
	Gurrah	20 – „	
	Khurwah	25 – „	
	Mamoodie	32 – „	
	Mirzapore Chintz	15 – „	
	Patna	30 – „	
	Shans	40 – „	
	Tunjeeb, Oudh	26 – „	
	Other sorts	*Ad valorem*	
	Twist, country, No. 10	– 7 per lb.	
	„ „ „ 20	– 9 „	
	„ „ „ 30	– 10 „	
	„ hand spun	– 5 „	
	All other kinds of cotton goods	*Ad valorem*	
2	Grain of all Sorts		Three annas per maund.
3	Hides and Skins, Tanned:		
	Hides:		
	Buffaloe, country, tanned	70 – per score	Three per cent.
	Cow „	50 – „	

SCHEDULE (B.)—EXPORT TARIFF—*continued.* Appendix, No. 8.

No.	Description of Article.	Value on which Duty is Assessed.	Rate of Duty.
3	Hides and Skins, Tanned—*continued.*	*Rs. a*	
	Skins:		
	Goat and sheep	10 – per score	Three per cent.
	Lamb	5 – „	
	Any other sorts of hides and skins	*Ad valorem*	
4	Indigo		Three rupees per maund.
5	Lac:		
	Button	28 – per cwt.	Four per cent.
	Dye	45 – „	
	Seed	20 – „	
	Shell	28 – „	
	Stick	16 – „	
	Other sorts	*Ad valorem*	
6	Oils:		
	Castor	16 – per cwt.	Three per cent.
	Cocoanut	20 – „	
	Fish	15 – „	
	Grass	2 – per lb.	
	Jingeely or teel	20 – per cwt.	
	Linseed	18 – „	
	Mhowa	12 – „	
	Mustard	16 – „	
	Poppy	20 – „	
	Rape or sursee	16 – „	
	Sandalwood	8 – per lb.	
	Other sorts	*Ad valorem*	
7	Seeds:		
	Castor seed (Erundee)	4 8 per cwt.	Three per cent.
	Coriander seed	4 – „	
	Cummin seed	12 – „	
	„ black (Caleejeera)	5 – „	
	Ground nuts, with shell	5 – „	
	„ without shell	6 – „	
	Jingeely or teel seed	6 – „	
	Linseed	5 – „	
	Methee seed	5 – „	
	Mustard seed	4 8 „	
	Poppy seed	5 8 „	
	Rape or sursee seed	4 8 „	
	Other sorts	*Ad valorem*	
8	Spices:		Three per cent.
	Aloe wood	3 – per lb.	
	Betelnut in husk	2 – per 1,000	
	Cardamoms	200 – per cwt.	
	„ large, bastard	40 – „	
	Chillies, dried	8 – „	
	Ginger, dry (rough) Malabar	10 – „	
	„ „ Bengal	7 – „	
	„ scraped	15 – „	
	Pepper	15 – „	
	Turmeric	5 – „	
	All other sorts	*Ad valorem*	

Appendix, No. 8.

SCHEDULE (C.

(*See Section* 9.)

Number and Year.	Subject or Title.	Extent of Repeal.
Act XIV. of 1836 -	Bengal Customs - - - -	So much as has not been repealed.
„ VI. of 1844 -	Madras Customs - - - -	So much of schedules A and B as has not been repealed.
„ I. of 1852 -	An Act for the consolidation and amendment of the laws relating to the Customs under the Presidency of Bombay.	So much as has not been repealed.
„ XXX. of 1854 -	An Act to provide for the levy of duties of Customs in the Arracan, Pegu, Martaban, and Tenasserim Provinces.	Section 3 from the beginning down to and including the words "shall be free; provided that."
„ XXIX. of 1857 -	An Act to make better provision for the collection of land Customs on certain foreign frontiers of the Presidency of Bombay.	So much of Section 2 as has not been repealed.
„ XXII. of 1859 -	An Act to amend Act 1 of 1852 (for the consolidation and amendment of the laws relating to the Customs under the Presidency of Bombay).	So much as has not been repealed.
„ III. of 1861 -	An Act to provide for the collection of duty of Customs on pepper exported by sea from the British port of Cochin.	The whole.
„ II. of 1868 -	An Act to alter the rate of duty leviable on pepper exported from Cochin.	The whole.
„ XXIV. of 1869 -	An Act to enhance the price of salt in the Presidency of Fort St. George, and the duty on salt in the Presidency of Bombay.	In Section 2, the words "either by sea or."
„ XVII. of 1870 -	An Act to amend the law relating to Customs duties.	The whole.

This Bill was passed at a meeting of the Council of the Governor General of India for the purpose of making laws and regulations, on the 31st day of March, 1871.

(signed) *Mayo*, President.

I ASSENT to this Bill.

The 31st March, 1871.

(signed) *Mayo*,
Viceroy and Governor General.

(An authentic copy.)

(signed) *Whitley Stokes*,
Secretary to the Government of India,
Legislative Department.

Appendix, No 8.

ACT No. XIV. of 1871.

Passed by the Governor General of India in Council.—(Received the assent of the Governor General on the 31st March, 1871.)

AN ACT for the further amendment of the CONSOLIDATED CUSTOMS ACT.

FOR the further amendment of the Consolidated Customs Act (No. VI. of 1863); It is hereby enacted as follows:— Preamble.

1. Section 23 of the said Act shall be deemed to authorise, and to have always authorised, the Governor General in Council to prohibit or restrict the importation or exportation, by sea or by land, or both by sea and by land, of any particular class of goods. Amendment of Act VI. of 1863, section 23.

2. As often as any goods are lodged in a public warehouse or a licensed private warehouse, the warehouse-keeper, or, in the case of the Bengal Bonded Warehouse Association, the secretary of the said association, shall deliver a warrant signed by him as such to the person lodging the goods. Warrant to be given every time goods are warehoused.

Such warant shall be in the form in the schedule to this Act annexed, and shall be transferable by endorsement; and the endorsee shall be entitled to receive the goods specified in such warrant on the same terms as those on which the person who originally lodged the goods would have been entitled to receive the same. Form of warrant.

3. All goods found on board any boat in excess of the boat-note or Custom House pass, whether such goods are intended to be landed or to be shipped on board any vessel, shall be liable to confiscation. Goods found in boat in excess of boat-note or pass liable to confiscation.

4. This Act shall be read with and taken as part of the Consolidated Customs Act. Act to be read with Act VI. of 1863.

SCHEDULE.

FORM OF BONDED WAREHOUSE WARRANT.

(*See Section* 2.)

I DO hereby certify that have deposited in the warehouse of the under-mentioned goods which goods the engage on demand, after payment of rent and incidental charges and Government dues or Customs chargeable thereon, to deliver to the said or their assigns, or to the holder of this warrant to whom it may be transferred by endorsement.

This Bill was passed at a meeting of the Council of the Governor General of India for the purpose of making laws and regulations, on the 31st day of March, 1871.

(signed) *Mayo*, President.

I ASSENT to this Bill.

(signed) *Mayo*,
Viceroy and Governor General.

The 31st March, 1871.

(An authentic copy.)

(signed) *Whitley Stokes*,
Secretary to the Government of India,
Legislative Department.

Appendix, No. 8

REVENUES AND RECEIPTS.

CUSTOMS, exclusive of SALT, 1869-70.

PRESIDENCY.	Imports.	Exports.	Fines, Forfeitures, and Miscellaneous.	Transit Duty or Land Customs.	Warehouse and Wharf Rent.	Double Duty.	TOTAL.
	£.	£.	£.	£.	£.	£.	£.
ntral Provinces (Books not received).	- -	- -	- -	- -	- -	- -	6,772
itish Burmah	56,198	144,519	682	- -	1,989	- -	203,388
ngal	768,338	199,072	3,138	- -	5,945	- -	976,493
rth-Western Provinces	1,005	48,025	505	253	- -	51	49,839
njaub	- -	- -	140	70,004	- -	- -	70,144
dras	165,839	90,788	2,382	17,476	- -	- -	276,485
mbay	775,207	48,105	10,271	6,836	5,645	- -	846,064
TOTALS, omitting Central Provinces	£. 1,766,587	530,509	17,118	94,569	13,579	51	
						£.	2,429,185

These particulars have been taken from the Indian General Books.

Appendix, No. 9.

PAPER furnished by Mr. *E. F. Harrison.*

(STATEMENT referred to in Question 6175.)

PRODUCE of 1,000 Ounces of Standard Gold in Mohurs of 180 Grains :—

		Tolas of 180 Grains.
1,000 ounces =		2666·66
Deduct seigniorage at 1 per cent.	26·66	
Pre-melting charge at one-fourth per mille	·66	
		27·33
		2639·33

Equal to 39,590 rupees, at the rate of 15 rupees the gold mohur.

PROCEEDS of 1,000 Ounces of Standard Gold if sold at $16\frac{5}{8}$ Rupees per Sicca weight of 23 Carats fine, being the latest Calcutta quotation for Australian Gold.

2666·66 tolas standard gold = 2550·72 tolas, 23 carats.

2550·72 × $16\frac{5}{8}$ =	42,405·72
Deduct brokerage at one-eight per cent.	53·007
Net produce = *Rs.*	42,352·713

Edw. F. Harrison.

Appendix, No. 10.

Appendix No. 10.

PAPERS furnished by Major *Bateman Champain*, R. E.

STATEMENT called for in Question 8321.

THE following figures represent the annual receipts and expenditure of the Indo-European Telegraph Department during the first four years of its working, the tariff between England and India being 5 *l.* 1 *s.*:—

	Receipts.	Expenditure.	
		In India.	In England.
	£.	£.	£.
1865–6	92,467	70,851	
1866–7	93,697	77,859	45,598
1867–8	98,887	76,015	
1868–9	94,478	69,927	
	380,529	294,652	
Add from Profit and Loss, &c. &c., Miscellaneous Receipts	2,495	45,598	
£.	383,024	340,250	

	£.	s.
Average Receipts	95,756	–
Average Expenditure	85,062	10
Average Surplus of Receipts	£. 10,673	10

From the 1st January 1869 the tariff was reduced from 5 *l.* 1 *s.* to 2 *l.* 17 *s.*, and the traffic receipts during 1869–70 fell to 76,126 *l.*

In March 1870 the British-Indian Line opened to India, and the receipts of the Indo-European Department during 1870-71 experienced a further fall to 56,250 *l.*

STATEMENT referring to Question 8365.

THE tariff having been raised from 2 *l.* 17 *s.* to 4 *l.* 10 *s.*, the receipts for the year 1871–72 are estimated at 70,000 *l.*, and the working expenses are being reduced from 85,000 *l.* to 61,000 *l.* per annum as follows:—

	Original.	In course of Re-organization to	
	£.	£.	
Persian Gulf Establishment per annum	35,000	27,000	
All Allowances and Contingencies, say	15,000	6,838	The sum of 886 *l.** per annum transferred to Political Department.
Subsidies and Political Charges	5,000	3,162	
Persian Land Establishment	17,500	15,000	
All Allowances and Contingencies, say	4,000	5,000	
Superintendence and Contingencies, say	5,000	2,400	
London and Constantinople Offices	3,500	1,600	
£.	85,000	61,000	

* This sum of 886 *l.* is half the cost of the Political Agent and his escort.

J. W. Bateman Champain,
Chief Director Indo-Euro. Tel. Dept.

Appendix, No. 11.

PAPERS furnished by Mr. *T. L. Seccombe*, C.B., and referred to in his Evidence, 4 and 14 July 1871.

DIFFERENCES between the Results shown in the BUDGET ESTIMATES and ACCOUNTS of the UNITED KINGDOM and INDIA respectively, in each Year from 1860–61 to 1869–70.

	United Kingdom.			India (including Public Works Extraordinary).		
	Surplus.	Deficit.	Difference.	Surplus.	Deficit.	Difference.
	£.	£.	£.	£.	£.	£.
1860–61 Estimate	464,000	- -	3,022,000	- -	7,472,303	3,450,918
„ Account	- -	2,558,000		- -	4,021,385	
1861–62 Estimate	408,000	- -	1,850,000	- -	577,410	526,782
„ Account	- -	1,442,000		- -	50,628	
1862–63 Estimate	150,000	- -	1,151,000	- -	810,539	2,637,885
„ Account	1,301,000	- -		1,827,346	- -	
1863–64 Estimate	531,000	- -	2,621,000	480,775	- -	402,428
„ Account	3,152,000	- -		78,347	- -	
1864–65 Estimate	275,000	- -	3,576,000	823,288	- -	1,616,809
„ Account	3,851,000	- -		- -	193,521	
1865–66 Estimate	253,000	- -	1,645,000	- -	374,992	3,141,060
„ Account	1,898,000	- -		2,766,068	- -	
1866–67 Estimate	286,000	- -	2,369,000	- -	72,800	2,444,691
„ Account	2,655,000	- -		- -	2,517,491	
1867–68 Estimate	246,000	- -	1,882,000	- -	1,827,522	217,365
„ Account	- -	1,636,000		- -	1,610,157	
1868–69 Estimate	- -	278,000	2,103,000	- -	1,026,494	3,118,149
„ Account	- -	2,381,000		- -	4,144,643	
1869–70 Estimate	5,292,000	- -	1,277,000	- -	3,513,156	1,032,211
„ Account	6,569,000	- -		- -	2,480,945	
TOTAL Differences during 10 years - - - £.			21,496,000		£.	17,988,298
AVERAGE Difference per Annum - - - £.			2,149,600		£.	1,798,830

India Office,
4 May 1871.

T. L. Seccombe,
Financial Secretary.

Appendix, No. 11. STATEMENT showing the Amount obtained by the Secretary of State for *India* in Council for BILLS on *India*, and the Maximum, Minimum, and Average Rate of Exchange per Rupee, in each Year from 1861-62 to 1870-71.

YEAR.	Amount obtained for Bills.	Rate of Exchange.		
		Maximum.	Minimum.	Average.
	£. s. d.	s. d.	s. d.	s. d.
1861-62	*1,198,538 10 10	2 -1/4	1 11 3/4	1 11 7/8
1862-63	6,641,576 10 9	2 -3/8	1 11 1/2	1 11 7/8
1863-64	8,979,521 7 1	2 -7/8	1 11 1/2	1 11 7/8
1864-65	6,789,473 7 8	2 -1/2	1 11	1 11 7/8
1865-66	6,998,898 8 5	2 -3/8	1 10 3/4	1 11 3/4
1866-67	5,613,746 2 11	2 -3/8	1 10	1 11
(11 months in consequence of alteration of Financial year.)				
1867-68	4,137,284 13 7	2 -1/8	1 10 1/4	1 11 1/8
1868-69	3,705,741 3 2	1 11 3/4	1 10 3/4	1 11 1/4
1869-70	6,980,121 11 8	1 11 5/8	1 10 3/4	1 11 1/4
1870-71	8,443,508 13 9	1 11 5/8	1 10 1/4	1 10 1/8

* The amount stated in the Parliamentary Account included 189 *l.* 19 *s.* for letters of credit.

India Office,
10 July 1871.

T. L. Seccombe,
Financial Secretary.

STATEMENT of the CASH BALANCE of the Secretary of State for *India* in Council at the Bank of England; and of the Amount on LOAN to Banks and Firms on Security of Government Stock, &c.; on each Monday evening during the last Official Year 1870-71.

—	Cash Balance.	Amount on Loan.	—	Cash Balance.	Amount on Loan.
	£. s. d.			£. s. d.	£.
4 April 1870	615,872 15 10	2,200,000	3 Oct. 1870	904,570 15 3	2,850,000
11 „ „	737,703 5 –	2,100,000	10 „ „	1,220,665 13 9	2,650,000
18 „ „	716,755 10 4	2,200,000	17 „ „	1,359,425 5 –	2,650,000
25 „ „	654,426 3 1	2,550,000	24 „ „	1,807,830 15 7	2,600,000
2 May „	824,502 5 4	2,450,000	31 „ „	1,313,399 10 –	3,260,000
9 „ „	701,512 11 7	2,650,000	7 Nov. „	1,058,430 2 8	3,380,000
16 „ „	630,327 18 8	2,750,000	14 „ „	1,124,694 6 10	3,230,000
23 „ „	671,769 1 10	3,100,000	21 „ „	1,402,102 17 3	3,180,000
30 „ „	664,606 – 4	3,200,000	28 „ „	1,449,863 6 5	3,130,000
6 June „	789,987 12 5	3,350,000	5 Dec. „	1,680,851 18 1	3,080,000
13 „ „	764,027 10 5	3,400,000	12 „ „	1,871,232 18 10	2,750,000
20 „ „	1,321,251 4 2	3,200,000	19 „ „	1,766,669 1 2	2,350,000
27 „ „	1,665,196 5 1	2,750,000	26 „ „	2,185,669 7 –	1,800,000
4 July „	876,356 7 1	1,950,000	2 Jan. 1871	1,703,235 10 5	1,500,000
11 „ „	799,724 8 3	2,050,000	9 „ „	633,829 2 10	1,300,000
18 „ „	900,015 4 6	2,100,000	16 „ „	920,588 – 2	1,300,000
25 „ „	668,070 19 6	2,450,000	23 „ „	841,857 16 7	1,500,000
1 August „	1,140,330 6 3	2,400,000	30 „ „	925,751 15 5	1,800,000
8 „ „	1,016,090 16 7	2,200,000	6 Feb. „	803,079 5 10	2,200,000
15 „ „	199,232 – 3	2,000,000	13 „ „	549,565 10 5	2,200,000
22 „ „	806,245 18 10	1,550,000	20 „ „	626,307 4 3	2,250,000
29 „ „	1,127,253 3 8	1,750,000	27 „ „	651,341 18 7	2,250,000
5 Sept. „	1,498,908 15 8	1,800,000	6 March „	1,040,650 13 3	2,450,000
12 „ „	1,522,294 17 1	2,250,000	13 „ „	839,741 18 11	2,650,000
19 „ „	1,217,440 15 2	2,700,000	20 „ „	737,378 13 10	2,850,000
26 „ „	1,432,767 – –	2,700,000	27 „ „	755,816 18 11	2,850,000

India Office,
10 July 1871.

T. L. Seccombe,
Financial Secretary.

Appendix, No. 12.

PAPERS handed in by Mr. *James Geddes*, and referred to in his Evidence. Appendix, No. 12.

— I. —

(Question 9755.)

MEMORANDA concerning FAMINES of former times and FAMINES of later times.

CONTENTS.

	PAGE.
1.—Comparative Statistics of the Famines of 1770, 1860, and 1866—(A. to F.) - -	711
2.—Opinion recorded by the Orissa Famine Commission as to the Comparative Severity of the Famines of 1770, 1860, and 1866; also a Note as to the different conditions connected by the different uses of the term "FAMINE"—(G. and H.) - - - -	714

I.—COMPARATIVE STATISTICS of the FAMINES of 1770, 1860, and 1866.

(A.)—FAMINE MORTALITY of 1770.

Dr. Hunter, in "Annals of Rural Bengal," says, "In a year when 35 per cent. of the whole population, and 50 per cent. of the whole cultivators perished, not five per cent. of the land tax was remitted, and 10 per cent. was added to it for the ensuing year 1770-71." (See also the text passim, as to a mortality in 1770, estimated by Dr. Hunter at 10,000,000 souls).

(B.)—FAMINE FINANCE of 1770.

TABLE showing proportion of Remissions to Collections given in the Minute of Warren Hastings, reprinted and quoted by Dr. Hunter, "Annals of Rural Bengal."

YEAR.		Net Collections.	Remissions.	TOTAL COLLECTIONS.	
		Rs. a. p.	*Rs.* a. p.	*Rs.* a. p.	£.
1768-69	- - -	- - -	- - -	1,52,54,856 9 4 3	1,525,485
1769-70	The year of dearth which was productive of famine in the following year.	- - -	- - -	1,31,49,148 6 3 2	1,314,914
1770-71	The year of the famine and mortality	- - -	- - -	1,40,06,030 7 3 2	1,400,603
1771-72	The year after the famine.	Demand: 1,57,26,576 10 2 1 £. 1,572,657.	3,92,915 11 12 3 £. 39,291	1,53,33,660 14 9 2	1,533,366

Dr. Hunter, speaking of the extent of remissions, says, "Different letters (of the Calcutta Government to the Court of Directors) represent different remissions. Before September 1770, the balance was only 80,332 *l.*; it was afterwards reduced to 65,355 *l.*, out of a total demand of 1,380,269 *l.*" Speaking of the amount spent in relief in 1770, Dr. Hunter says, "The utmost that the Council, when pressed by the Court of Directors as to Government relief efforts, could show, was a distribution of 9,000 *l.* among thirty millions of people, of whom six in every sixteen were officially admitted to have perished. * * * * * * * Mention is likewise made of public contributions and the importation of rice. But these operations were conducted on a painfully inadequate scale. Districts in which men were dying at the rate of twenty thousand a month, received allotments of 150 rupees (15 *l.*). A provincial council gravely considers, and magnanimously sanctions a grant of 10 *s.* worth of rice per diem, for a starving population numbering four hundred thousand souls."

Appendix, No. 12.

(C.)—Famine Mortality of 1860.

From Mr. Under Secretary Girdlestone's Memoir on Past Famines in the North West Provinces, Allahabad 1868, which mainly cites Colonel Baird Smith's Famine Report of 1861.)

The following is the summary which Colonel Baird Smith gives of the population and acreage within the famine tract, as defined by him in Chart II. of his Report on the Famine of 1860–61 :—

	The Population more or less Distressed by the Famine.	The Population Distressed most intensely by the Famine.
Eastern Section of Famine Tract - - -	2,856,000	970,000
Central - - - - - - -	5,353,000	2,258,000
Western - - - - - - -	4,879,000	2,220,000
	13,088,000	5,448,000

On the extent of the mortality of 1860, Mr. Girdlestone has the following paragraph :—

" It is out of the question to give any reliable account of the mortality which resulted from the famine. No general register of deaths was kept at the time, and if there had been such a record, the knowledge that it was framed amid confusion and panic, would very much weaken its claims to accuracy. Isolated statements have been made, and, such as they are, I will repeat two or three of them; but I think that they must be received with caution. Thus on the Meerut district, it is reported that 109 deaths had occurred up to January 22nd, and lately Colonel Baird Smith was told that 7,000 persons had died previously to May, from starvation; but, as he remarks, 'many among these are from other causes than actual starvation.' The population of the district at this time was a little more than a million. To the returns of Mr. Colledge, collector of Boolundshuhus, he is inclined to give more credence on account of the care with which they had been compiled. The result which they show is, a mortality of over 24,700, or about 3½ per cent. of the population. But even this statement admittedly the best of a bad lot, depends on nothing more than oral testimony for its worth, and if this is the case, it would be a mere waste of time to multiply examples. In this matter, we must be content to know that excessive mortality did ensue, but what its amount, even those who were living amid the suffering had no means of estimating."

Mr. Girdlestone adds in a foot-note, " Sir Arthur Cotton estimates the mortality [of the famine of 1860] at 200,000 at the very least (*see* page 5 of "The Famine in India." A lecture delivered before the Social Science Congress in Manchester, 12th October 1866)."

(D.)—Famine Finance of 1860.

Finance of the Famine of 1860–61 in the North West Provinces, from Mr. Girdlestone's Blue Book above cited.

	£.
Expended in the distribution of food - - - - - - - - -	54,178
Expended in advances for the purchase of seed and cattle - - - -	34,021
Expended in minor relief works - - - - - - - - -	2,991
Expended by Government only on public relief works - - - - -	91,429
Remitted of revenue demand - - - - - - - - -	23,464
£.	206,085

Memorandu

MEMORANDUM of Land, Sayes, and Excise Revenue (Actuals) of the North West Provinces, about the time of the Famine of 1860. Appendix, No. 12.

	Land.	Forest.	Excise.	TOTAL.
	£.	£.	£.	£.
1858–59 - - - - -	4,294,307	7,065	190,405	4,491,777
1859–60 - - - - -	4,363,203	5,612	249,817	4,618,632
1860–61 - - - - -	4,176,075	17,607	262,486	4,456,168
1861–62 - - - - -	4,579,311	51,401	277,486	4,908,612
1862–63 - - - - -	4,081,779	19,048	277,900	4,365,351

(E.)—FAMINE MORTALITY of 1866.

(From "Annals of Indian Administration," Vol. XI., a Serial of Compilations from Official Blue Books.)

PROVINCE.	Square Miles.	Population Affected.	Deaths.	Per Cent.
Orissa - - - - - -	7,649	3,000,000	750,000	25
„ Hill Tracts - - - -	16,068	say 609,000	150,000	25
Manbhoom - - - - -	5,400	1,190,000	148,500	12½
Singhbhoom - - - - -	3,998	288,789	36,098	—
Midnapore - - - - -	4,834	700,000	50,000	—
Six Districts of Behar - - -	26,191	7,739,717	135,676	—
Ganjam - - - - - -	6,400	1,129,464	56,262	—
Calcutta - - - - - -	- -	- - -	6,993	—
Bancoora - - - -	1,300	208,000	say 14,000	—
Hooghly Houra Ootaboria - -	2,007	1,890,120	15,000	—
24 Pergho - - - - -	2,277	1,562,100	1,000	—
Nuddea - - - - - -	3,296	1,011,816	1,000	—
TOTAL - - -	79,440	19,320,006	1,364,529	

(F.)—FAMINE FINANCE of 1866.

(From the Same.)

PROVINCE.	Number of Persons Relieved Daily in the Worst Months.		Amount Spent or Remitted by Government.	Amount Spent from Public Subscriptions.	Total Amount.
			£.	£.	£.
Orissa and Lower Bengal.	October -	129,305	249,129	107,560	356,689
Six Districts of Behar	August -	37,329	7,755	8,616	16,371
Ganjam - - -	July -	8,000	60,000	4,650	64,650
TOTAL - - -		175,634	316,884	120,826	437,710

Appendix, No. 12. MEMORANDUM of the Approximate Expenditure on Relief Operations disbursed through the Agency of Government Officers or mixed Relief Committees, to the end of 1866.

	Rs.	a.	p.
Net-Cost to Government	14,37,899	–	–
Surplus of the N. W. P. Relief Fund	6,06,000	–	–
Amount raised and expended by the Calcutta Relief Committee	3,46,516	15	1
Amount of all other Subscriptions expended through Committees	1,23,084	–	–
Special Grants from the Fund for the Improvement of Government Estates	33,404	–	–
TOTAL Rs.	25,46,893	15	1

(G.)—OPINION recorded by the Orissa Famine Commission (President Mr. Campbell, now Lieutenant Governor of Bengal), on the Comparative Severity of the Famines of 1770, 1860, and 1866. (From Parliamentary Blue Book No. 335, of 1867. Part I. of Report, paras. 70, 71, 72, 73, 74, pages 228–231.)

"70. We have not yet been able to obtain any details of the great famine in Bengal of 1770; but comparing the recent famine with anything which is known to have occurred in India in the present century, we incline to the opinion that this in Orissa has been, while it lasted, the most intense. By far the severest Indian famine which is widely and well known, and probably in truth quite the severest of the century till the present, is that in the North Western Provinces in 1837-38, and that may therefore be taken as the standard of comparison. It was spread over a wider surface; the natural calamity was probably greater; the injury to the agricultural community more severe, and the fiscal effect more lasting; but the people had much greater facilities of emigration, and especially there were very much greater facilities of importation of grain, and an energetic trading class to avail themselves of those facilities. The famine in Orissa stands almost alone in this, that there was (till a comparatively late period of its history) almost no importation, and the people, shut up in a narrow province between pathless jungles and an impracticable sea, were in the condition of passengers in a ship without provisions. Things came to that pass that money was spurned as worthless. Prices were constantly merely nominal; where rice was to be bought at all, it reached the rate of five, four, and even three Calcutta seers (of 2 lbs. each) per rupee at the chief stations where the external relief afforded was greatest, and in the interior of the districts still higher rates are reported, even to one seer per rupee. These rates are far beyond those known in any famine in this century of which we have information.

"71. The famine of 1837-38 is so well known an event that it is singular how little connected account of it is to be found, as may be judged from the references to it in Colonel Baird Smith's report. That it was very terrible there can be no doubt; the famished people seem to have wandered far in a most miserable state, and it lives in men's minds in most painful characters. But a very large proportion of the sufferers seem to have dragged on their existence to die of disease the following year, which is said in that shape to have been almost more fatal than that of the actual famine. In Orissa the work of destruction seems to have been more speedy. The more rapid course of the calamity sooner eventuated in death or life, and while, as we believe, a larger proportion died in a few months, we found that in December and January last the mass of the surviving population of the country visited by us seemed to be already in comparatively good ease and free from remarkable disease, if we except small-pox, which is hardly a famine disease. During the famine, people seem to have survived for a time as living skeletons reduced to a state which would have been impossible in a colder climate; but we fear that almost all these unhappy people died at last, and that of the poor creatures whom we saw still maintained at the relief centres, and whom we may call the residue of the famine, many will never really recover.

"72. Colonel Smith's information regarding the famine of 1837-38, was avowedly very incomplete, and even allowing for the difference in the general scale of prices in these days, it seems now hard to imagine such severity of suffering if prices were never and nowhere dearer than those mentioned by him. Yet he says that, after careful inquiry, he had not been able to ascertain that in any instance the price of wheat rose higher than 11½ seers per rupee. The ordinary price of wheat in the 12 years preceding that famine seems, from Colonel Smith's tables, to have averaged at Agra about 30 seers per rupee. It was cheaper to the north, dearer to the south-east; and 30 seers may be taken to have been about the average of the country. In Orissa the average price of rice, as shown in returns for each district (ranging over four to seven years immediately preceding the famine), which we have obtained from the Commissioner, may be taken to have been about:—Pooree, 32 seers per rupee; Cuttac, 34 seers; Balasore, 32 seers; or for the whole province say about

about 32 to 33 seers;* so that it is evident that in Orissa in 1866, the pressure of prices both actual and comparative was very much more severe than in the North Western Provinces in 1837–38. On the other hand, a fixed and good settlement, the receipts in payment of grain exported, and the absence of any widely extended succession of bad years, had probably made money more abundant in Orissa. Colonel Smith mentions that the daily burials by the police at Agra were at one time reported to average nearly 400, which is greater than at any station in Orissa, the largest number of bodies disposed of by the police at Balasore in any one day being 245; but Agra is a much larger place; it was the centre of a much larger country, the metropolis, not only of the country, but as it were of the famine, to which people flocked from all quarters; upwards of 80,000 working paupers being maintained from public funds at that one station alone; and the means of the police at Balasore were unable to reach the bodies of those who died in the fields and bye-ways; many skeletons in fact lie there to this day. The order, quoted by Colonel Smith, from the books of the station of Cawnpore (also one of the worst places in 1837–38), directing the hire of a boat and small establishment to remove the bodies, seems hardly to equal the exigencies which occurred in Orissa.

"73. The famine in the North Western Provinces in 1861 cannot be compared in respect of the intensity which it actually reached with either of those which we have been contrasting. Colonel Smith indeed supposes the natural calamity in 1860 to have been nearly as great as in 1837–38, although he does not estimate the failure of the crops in 1860–61 to have been by any means absolute and total throughout the distressed country. The high prices which occurred in 1860–61, in the early part of the season, were relieved by enormous and most energetic private importations. The gentleman who was then Commissioner of Delhi tells the President that the grand trunk road was said to have been worn out in 15 days by the enormous use of it, and the President himself saw the railway stations between Allahabad and Cawnpore blocked up with grain awaiting transport, and every cart, bullock, camel, donkey, in short every means of conveyance available in the country, in active use to transport grain from Oude. Public works were early undertaken on a great scale, under special arrangement, to make them expressly available to the starving, and public subscriptions flowed in with such liberality that the overplus remained of which so valuable use was made in the famine on which we now report.

"74. A most important lesson is, we think, distinctly to be learned from the study of Colonel Smith's report. We are not quite sure whether, in estimating the losses, he takes fully into account the great destruction of the inferior grains of the rainy season, which depend solely on rain, or chiefly refers to the subsequent crop of which he saw the failure before him, the wheat and other main staples, a great portion of which is always kept alive by artificial irrigation; but his estimates seem to show that, in his opinion, the failure, taking broadly the whole of the distressed districts, did not exceed that which was from the first admitted in the most sanguine estimates to have occurred in Orissa in 1865, viz., half the produce. He specifically states the loss in several of the bad districts at about 4–10ths, in some it was more, in some it is estimated to have been less. The famine country of 1861 is, generally speaking, a grain-producing country. With the exception of a good deal of cotton in some portions of it (and the cotton cultivation had not then been abnormally extended), food grains may be said to be the main staple throughout, and in good years there must no doubt be a large surplus produce. Particular estimates apart, it is plain that the failure of the produce of the whole tract was not complete, that there was in parts (good and bad being intermixed) a very considerable yield. Yet it is abundantly evident that if there had been no importations and no relief works the famine would have been frightful and very fatal. It may be assumed then, as the result of Colonel Smith's inquiry, that in the ordinary modern condition of things in India, something much short of the entire and absolute failure of the whole crops of a year in any province will suffice to produce that state of extreme famine when food is scarcely to be had for money, if the market be not relieved by importation from provinces more abundantly supplied. Still more will this be the case when either by previous short crops, or by exportation, or both, the stocks have been already reduced below average; and as respects a famine caused by absence of grain as distinguished from one caused by absence of money, the effect of previous short crops and of exportation is much the same. Modern enterprise and means of communication in relieving countries insufficiently supplied, drain those in which grain is more abundant to an extent which probably did not occur in the old days of native hoarding. In fact, in India, where famines have generally been present to the memories and traditions of the people, the want of means of communication was much counteracted by the disposition to hoard largely the grain for which little could be got in years of abundance. An unhappy combinaton of circumstances which renders exportation in time of abundance large, but brings no importation in the time of want, produces such terrible calamity as has just occurred in Orissa."

(H.)—Note

* The Cuttack prices given by the Commissioner are stated to be exact, being taken from account of actual purchases made by the French merchants in the years preceding the famine. Probably they may have purchased at the times and places most advantageous to themselves, but, at any rate, it seems clear that even after the enhancement of recent years the rate of rice in Orissa did not average less than 30 seers per rupee, and was generally cheaper.

Appendix, No. 12.

(H.)—NOTE by the Orissa Famine Commission, as to the different senses attributed to the word Famine in earlier as compared with modern histories, or in one modern record as compared with another and contemporary modern record. (Para. 79, page 232, Part I., Orissa Famine Blue Book.)

"79. It will be self-evident in the whole of our proceedings that there is an extraordinary discrepancy in regard to the use of the word 'famine' by different persons. In some of the earliest papers the word was freely used; but the failure having been early called in official documents 'scarcity' and not 'famine,' it seems as if, as the scarcity and want became more intense, the official use of the term 'famine' was gradually pushed back into narrower and narrower limits. The Board of Revenue, in their Administration Report of 20th August 1866, under the heading 'the scarcity,' seem to maintain that there was no 'famine' in Orissa till the very last days of May; and they appear, in fact, to desire to restrict the word to the case when there is not food to be had for money as distinguished from suffering from dearness and want of means to buy. In that sense it might be said that there was no famine in the North Western Provinces in 1837-38 or in 1861. One gentleman holding a high appointment, which gave him special means of obtaining information, has gone the length of telling us that he does not remember to have heard of general famine till the floods of August occurred. We shall use the word 'famine' in its ordinary and popular acception of suffering from hunger on the part of large classes of the population."

— II. —

EXTRACTS from OFFICIAL MINUTES illustrative of the Native Opinion on the growing hardship of Life under and because of British Rule—(A to F).

(Question 9755.)

CONTENTS.

	PAGE.
(A.)—By Mr. Davis, officiating Chief Commissioner of Oude, now Lieutenant-Governor of the Punjab	716
(B.)—By Mr. Prescott, Settlement Commissioner, Guzerat	717
(C.)—By the Honourable A. A. Roberts, Judicial Commissioner of the Punjab [The above are extracted from Blue Book of Minutes on the comparative merits of British and of Native Administration in India—Parliamentary Paper, No. 108, of 1868.]	717
(D.)—By the Orissa Famine Commission (President, the Honourable George Campbell, now Lieutenant Governor of Bengal). Parliamentary Paper, No. 335, of 1867	718
(E.)—By the same	719
(F.)— Note on the Famine of 1868-69, together with a Memorandum by Mr. Morris, Chief Commissioner of the Central Provinces. (Parliamentary Blue Book of Indian Progress for 1868-69)	719

(A).—From a Minute by *R. H. Davies*, Esq., Officiating Commissioner of Oude on the Comparative Merits of British and of Native Administration.

"The inaction of the village zemindars in Oude whom we had favoured was not because they did not wish to have the settlement of their villages. It is to be explained by the want of combination amongst themselves, by the very good reason they had to consider our Government at an end, by their clannish sympathies with their chiefs and the sepoys, by the delay of our military movements, by the exposure of the lives of individuals who gave intelligence to us. After all, they were in rare instances actively hostile. As a nation, they were not opposed to us, and though I contend that agrarian measures may keep them neutral, I do not say that, in difficult circumstances, they will certainly enlist their aid."

"I submit, however, that the neutrality of the masses is the corner stone of our supremacy. It is for some reasons far more important to us than to a native Government to "place the agricultural population in comfortable circumstances. In a state of never-"ending war and confusion there is not the steady increase of population which follows on "the restoration and fixed maintenance of peace and order. *The inferior soils come under "cultivation; the yield is smaller in proportion to the labour; the rude plenty of less crowded "times recedes; an uneasy sense is felt of an intenser struggle more scantily rewarded. This, "I am told by observant natives, is the spreading sentiment among the rural classes. The "complaint is that there is no* burkut *under the British Government. It may be remembered that*

"*that Colonel Sleeman mentions exactly the same grievance being adduced by the Jats of the "Delhi territory.* The meaning is that the toil is greater, nature more niggardly, the battle "of life harder. The agrarian mind attributes the change to the foreign rule, to the remittance "of money to England, to the decay of native manufactures, to anything in short which runs "counter to its prejudices.* But here we have in reality the eternal problem which meets all "peaceful governments, native or foreign. We may place a population in a position to "receive the fair reward of its labour. But we cannot alter physical laws, nor can these be "violated with impunity. [Still the primary conditions of the growth of moral and reflec- {*Sic orig.*} "tive checks on the increase of population must be the possibility of saving the fear of "falling lower.] With these there is always hope of amelioration. Yet adverse circum- "stances may intervene, and it is no doubt possible that, in spite of the most liberal "provision, a population may multiply so as to remain ill-fed, ill-dressed, brutal, and "ignorant."

(B).—From Major *C. F. Prestcot*, Superintendent, Revenue Survey and Settlement in Guzerat, Acting Commissioner of Survey and Settlement, N.D. to the Under Secretary to the Government of India, Foreign Department.—(Dated Poona, August 15th, 1867.)

"In the absence of Colonel Francis, I have the honour of replying to your confidential "Circular of the 1st of July regarding the general feeling of the natives of this country "towards British rule, and the comparisons they draw between it and Native Govern- "ment.

"I will, with your permission, premise by saying, that, so far as my experience goes, the "feelings of the rich and the poor, of the landed proprietors and the commercial classes, of "the Mussulmans and Hindoos, on the subject, are very different.

"There cannot be a shadow of a shade of doubt that the masses are in every respect "more prosperous and happy in British territory than in native states; but I doubt very "much whether the rising generation (which has never experienced the bitter oppression of "former days) really think so.

"Even in the most prosperous districts where the people are contented, happy, well-fed, "well-clothed, and with all the evidence of plenty around them, they are apt to attribute "whatever is evil to the *raj*, and whatever is good, not to the *raj*, but to the *dhurm*. Any "rise in prices is the fault of the *raj;* any scarcity, the same; any new taxation is not for "the good of the people and the country, but only the means resorted to, to satisfy the "greed of England for India's wealth.

* * * * * *

"In conclusion, I may relate (as an illustration of the discussions which are continually "going on amongst the people as to the why and wherefore of certain acts of the British "Government) a conversation I myself overheard between two respectable thakoors on the "subject of the Disarming Act. Said one, 'What does the *Sirkar* mean by disarming "respectable people? Will it make us more faithful, or like the *raj* better?' To this the "other replied, 'Oh! it is not because they are afraid of us or mistrust us, it is only be- "cause they want the *iron* to make railroads. Look (said he) what hundreds of miles of "rails they are laying down, and if they don't collect and melt down all the arms they can "get hold of, where is all this *iron* to come from?'"

(C.) From a MINUTE by the Honourable *A. A. Roberts* on the Comparative Merits of British and of Native Administration.

"Still I question whether the assertion made in your third paragraph, that the masses of the people are incontestibly more prosperous, 'and (*sua si bonâ norint*) far more happy in British territory than they are under native rulers," is not too broadly stated.

"*Certain sections of the people, as the smaller landed proprietors or a portion of them, and also some of the trading classes, are perhaps better off than they were; but the masses,—the tenants, and farm labourers, artisans, domestic servants, and others, earn no more in British territory than elsewhere, aught but a bare subsistence for themselves and their families. The price of food and of all the necessaries of life has risen so enormously within the last few years, that I doubt, although there has in some parts been a proportionate rise in wages, whether the masses are so prosperous as they were before the mutiny, or as they used to be under the Native Governments.* An intelligent native observed to me the other day, that it was the general remark that famine prices had prevailed for several years. I have certainly observed that for the last six or seven years, the average price of wheat flour in the North Western Provinces and in the Punjab has not exceeded 18 or 20 seers for the rupee, while the

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* *Vide* Rambles of an Indian Official. [*See* especially Vol. ii., chap. x. The Rajput, certainly, has the better of the argument with Col. Sleeman about the decaying yield of the land. As to absenteeism and its effect, on Indian land-tax, *see* Vol i., chap. xxxi., and compare therewith Judge Longfield's Observations on Absenteeism and its Effects on Irish Agriculture. Cobden Club volume on Land Tenures, pp. 9, 10, 11, 40. *J. G.*]

Appendix, No. 12.

the price of rice in Bengal has been rather dearer. These rates are to the masses famine prices, and the people feel and say that these prices are one result of British rule. *Another remark which the same individual made to me was, that the idea was very prevalent that sickness had greatly increased under our rule; that people were not so robust as they used to be, and that they rarely now-a-days attained to an old age.*

"I have long been under the impression that the mortality among natives is excessive, and the census of the North Western Provinces, which was taken in 1865, and which shows a decrease of upwards of a quarter of a million on the population of 1853, tends to confirm this view. It is unreasonable to attribute this diminution either entirely, or in any great measure, to the mutiny. A decade has since passed, and there has been ample time for an increase of population. The people talk of these things and attribute them partly, if not entirely, to a visitation of God, consequent upon the introduction of British rule, and draw an inference unfavourable to it.

"I accordingly see reason to doubt whether the people at large either think themselves, or really are, more prosperous or more happy under our rule than they were under Native Governments. I have no doubt myself, that India is progressing towards material and moral improvement; but I do not think that we have done all that we might and ought to have done, nor have we been at the pains to convince the people of what we are doing for them. *The gulf between us and our native subjects is becoming wider year by year. It is wider in Bengal than in the North Western Provinces, and it is wider in the latter than in the Punjab. It is becoming wider every year in the Punjab.* Our executive officers, partly from increase of work, and partly either from want of inclination, or of not understanding the necessity and advantage of friendly intercourse with the people, see less and know less of them than formerly, and they know less of us, and misunderstand us and our motives and acts."

(D.)—From Part III. of Report of Orissa Famine Commission, paras. 8 and 41 :—

"8. The observations in the earlier part of our report rather tended to the opinion that, with all our modern progress, we are perhaps not better prepared to meet these great natural calamities than was India a hundred years ago; that the improvement of our communications may be counteracted, for the purposes of this question, by the diminution of the tendency to hoard the grain of years of abundance, formerly in such times so valueless; the increase of cultivation by the increase of population and by the increased proportion of the soil devoted to other products than the food of the people; the increase of wealth by the increased demand for both necessaries and luxuries. Our best means of communication would be sorely taxed to supply food to 50 or 60 millions of people, and if they could convey such quantities, they would not be effectual, unless sufficiently abundant sources of supply actually exist. *It has been the common native belief* that great famines are never the consequence of a single bad year; that they occur only when a bad year or years are followed by one of extreme failure. The idea seemed to be that *the old hoarding system, combined with the ordinary course of trade, insured a sufficiency of grain to carry the population of any province through a single bad year, and that it is only when the stocks have been already much diminished before such a year, that the most absolute starvation has resulted.* Whether or not this belief may have been true in former times, the experience of the Cuttack and Balasore districts seems conclusively to prove that a long course of peace and prosperity and previous good years, afford, under modern conditions, no sufficient resource against a single year of failure, *when there has been much exportation*, and circumstances render importation exceptionally difficult.

* * * * *

"41. We have before said that so long as the food supply of India, as a whole, suffices, and famines are confined to particular provinces, it may be hoped that efficient means of communication will go very far to save peoples prosperous under peace and good government from the worst effects of seasons of failure. *But we have noticed that of late years there has been some reason to fear that throughout India generally we have trenched to a dangerous extent on our food reserves, and that it is a question whether the concurrence of many demands on our agricultural resources may not in fact render food permanently scarcer and dearer.* We have also suggested our fears that more general climatic derangements than any which have been experienced since the British Empire in India attained anything like its present extent, may be expected to recur at long intervals; and the experience of all countries seems to show that the tendency of an increasing cultivation, and the denudation of natural forests and jungles, is to render the seasons more extreme, droughts more severe, and floods more rapid and extensive.

"If all this be so, the question of increase in the food general supply seems to assume an importance greater than some might have been inclined to attribute to it in a country where the supply has generally exceeded the needs of the inhabitants, and in one quarter or another the markets have not unfrequently seemed to be glutted by excessive plenty. Probably the only mode in which the Government can directly aid in increasing the food supply is by great works of irrigation, to which in fact its attention is now so much given."

(E.)—From

(E.)—From Part III. of Report of Orissa Famine Commission, paras. 63, 64, 65. Appendix, No. 12

"We have already alluded to the effect of changes which, while rendering the person more free, society more advanced, and labour in one sense more independent, may also, by loosening the ties of personal inter-dependence, render the poorer classes less capable of withstanding calamities of season. We must repeat a doubt whether the labouring classes of England or France could withstand a general enhancement of the price of food to twice or thrice its ordinary price, as do the natives of India. Suppose the price of wheat to be suddenly raised to 120 or 150 shillings per quarter, beef and mutton to half a crown a pound, and all other articles of food in proportion, what would be the state of things then or even long before that point had been reached? That is, in fact, much the same thing which occurs in India, when rice in Orissa or wheat at Agra rises to 11 or 12 seers per rupee, and yet up to that point the people of many districts of India seem to be now, under favourable conditions, prepared to bear up for a time. But we must not blind ourselves to the fact that every step in advance, in the modern sense, tends to render them as dependent on daily wages as more civilised labourers. Under the purely native system, almost every man is more or less a farmer, or the immediate personal dependent of a farmer who has his banker and his banker's book, and the credit which enables him to live from year to year, rather than from day to day. *But all our commerce and our enterprise, our great works and improved systems, create or increase the class of labourers depending on regular wages; and all increase of private wealth, enabling the richer to entertain labourers who are no longer slaves or serfs, adds to the class.* If we should succeed in simplifying property in land in the hands of sole proprietors of considerable estates, the mass of the peasantry must either become labourers for hire, or tenants-at-will whose rents are regulated on commercial principles, and who have no longer the beneficial interest in the soil on which their present credit is founded. It may be that with the increase of general wealth, the labourer will eventually be, in ordinary times, better off than he ever was before, but that he will as well resist extraordinary seasons, we do not deem probable. *There is, we believe, reason to expect a gradual increase in the classes who may hardly withstand a scarcity not amounting to that extreme famine which involves the whole population.*

"64. On the other hand, if the accumulation of wealth increases the number of rich and charitable residents of large towns, the need on the part of the rich for luxuries before unknown very largely increases; the feudal inter-dependence of the people diminishes as native rulers are exchanged for proprietors, and *the native public endowments and charities diminish in number and in efficiency when no longer supported by native Governments and official superintendence. On the whole, the sources of voluntary relief of the poor are probably diminished.*

"65. The disadvantages attending any poor-law are so great, that we would still not recommend that resource in ordinary seasons. We have several times alluded to *the wonderful way in which natives recognise the personal obligations of supporting their own poor.* As long as any of a family, it may almost be said any of a clan, have the means of supporting their indigent relations and connections, they do so in a marvellous and admirable way. Only when calamity either reduces whole families and classes to starvation, or brings them so low that, on the principle of two on a plank, some must inevitably be sacrificed, large numbers are cast out either to die or to be saved by public charity. So long as the social feeling which dictates the sacrifices enabling the natives to support one another may suffice, hard as the system may appear on the poor, we would not interfere. Any action which should endanger the present ties might bring with it other and greater evils."

(F.)—STATEMENT exhibiting the Moral and Material Progress and Condition of India, during the Year 1868–69.

INTRODUCTION.

AMONG the numerous interests which claim attention in "A Report on the Moral and "Material Progress of India," it is not difficult to select three topics which give an individuality to the year 1868–69. They are, the retirement of the late Governor General Sir John Lawrence, at the end of his term of office, and the advent of his successor, Earl Mayo; the drought which caused distress and anxiety throughout the greater part of British India, and severe famine in Rajpootana; and the serious deficit which became apparent at the close of the financial year.

Sir John Lawrence was appointed Governor General at the close of the year 1863, on the death of Lord Elgin. He brought to bear upon the Government of India the weight of his great ability and long experience, and his retirement closed an active career of 40 years, devoted continuously to its service. On his return to England Her Majesty was graciously pleased to raise him to the peerage under the title of Baron Lawrence of the Punjab, and of Grately in Hampshire. Earl Mayo took the oaths and his seat as Governor General at Calcutta, on the 19th January 1869.

The drought was wide spread, but unequal in severity. Rajpootana with its area of desert and its scanty water supply was most affected. It is usual for the population of the more arid districts to migrate to some of the more favoured neighbouring states, but on this

Appendix, No. 12.

this occasion all were visited alike by the scourge, *which was the most calamitous on record.* Thousands of the famine-stricken poured into the British territories in search of food, greatly aggravating the burden already felt there. In the Central Provinces, the drought though less severe, was universal; in the North Western Provinces, the northern districts and those bordering on Rajpootana suffered most; in the Punjab, those south of the Sutlej. In Madras there was slight anxiety, and in the Lower Provinces still less.

A detailed narrative of the distress and of the measures taken to avert it, is contained in the chapters devoted to the two first named provinces. On the political aspect of these measures, so clearly set forth by Mr. Morris, Chief Commissioner of the Cental Provinces, it will be interesting to quote the following from that gentleman's report.

"It must be never forgotten that the measures initiated by the Government in 1868 amount in fact to a new policy. In the earlier years of British rule State assistance was limited to the native method of remitting revenue, but this under the native system was only one part of a general scheme which turned on a full recognition of the State as landlord. The Mahrattas probably laid more stress on the rights of property than on its responsibilities, but the greater the share which they assumed of the fruits of the soil, the more helpless they left the cultivating classes; and therefore to prevent an entire collapse of the agricultural system, they were bound to regulate its machinery minutely and watchfully, and in times of difficulty to take almost the whole burthen of supporting farmers, who had never been encouraged, or indeed allowed the opportunity of standing by themselves. Thence arose the yearly fluctuation of the assessments, to adapt them to the seasons, and the storage of grain in warehouses, whence seed and food grain were lent to the people to be repaid with interest at the first good harvest. Our revenue system, even before it had developed a proprietary body independent of the State, leant towards European models, and attempts were made from the first, by fixed revenue settlements on comparatively light terms, to wean the land farmers from their dependence on authority. Hence the Government retired from its position as a grain-dealer, and though our system was obviously better calculated to promote the prosperity of the country in the end, it is questionable if at the commencement of British rule the poorer land-holders did not sometimes look back with regret to the days when they had to exercise no thought for the morrow. In another important branch of relief, the support of the old and infirm poor, our predecessors had a method which it was not easy to replace. The richer inhabitants of the famine-stricken districts or tracts were authoritatively invited to succour their poorer neighbours, and thus the Government provided for its starving subjects absolutely without expense. The few thousand rupees which the English Government distributed among millions of people in the first outbreaks of distress with which it had to deal, were a poor substitute for the enforced charity of hundreds of rich men, and even the subsequent system of large Government relief works in selected places, and relief Committees distributing alms, contributed half from private sources and half from State grants, left a good deal dependent on private impulse, and certainly failed to search out the whole of the existing distress."

"The policy adopted during the past year, though in form but a development of former measures, was animated by the bold enunciation of a principle which, if not previously denied, was at least never so unreservedly admitted. The State has now publicly announced its responsibility for the life of the least of its subjects, and has proved to them its good faith by a measure of liberality, regulated rather by the wants of the people than by precedents or calculations."

In Parliamentary Returns already published the Indian Accounts have been detailed with all fulness. It seems, therefore, scarcely necessary to notice in this Report more than briefly some of the main points connected with them.

The *gross revenue* of the Empire (including some small receipts in England, 177,436 *l.*) realised 49,262,691 *l.*, and exceeded that of 1867–68 by 728,279 *l.* The *expenditure* amounted to 52,036,721 *l.*, or 2,494,614 *l.* more than in the previous year.

There was thus a deficit of 2,774,030 *l.* or, if the expenditure be made to include Public Works extraordinary, one of 4,144,643 *l.*

On the side of receipts there was an increase under nearly all the heads; but in three of the four principal feeders of the revenue, land, salt, and opium, which together produced close on 34 millions out of the 49 millions, there was a falling off. Land revenue yielded 19,926,171 *l.* The decrease of 60,000 *l.* compared with 1867–68, which this represents, was a consequence of the unfavourable season. So was the decrease of 137,853 *l.* in salt, which produced 5,588,240 *l.* The most serious falling off was, however, in the opium returns, which yielded 8,453,365 *l.*, or 470,203 *l.* less than in 1867–68, owing to the smaller cultivation in the Malwa State, doubtless also a result of the season.

On the expenditure side the chief item of increase in India was "Public works ordinary," which had allotted to them 6,433,517 *l.* or 633,248 *l.* more than in 1867–68, and 460,177 *l.* more than the estimate. The relief works for the employment of the distressed were the principal cause of the unfavourable difference.

The famine which desolated Rajpootana more completely than any other part of India, and the general backwardness of this cluster of independent Native States, owing partly to misrule, partly to the very unsatisfactory relations of the chiefs with their thakoors or nobles, are the two facts that stand out prominently in reviewing the events of the year.

The famine will be felt for many years to come. It surpassed in severity even that of 1813, which was the most calamitous in Rajpootana of which there is record, for whereas then grain failed, there was plenty of grass, and the herds were saved; but in 1869, the scarcity of grain, severe though it was, was trifling compared with that of forage. It is believed that three-fourths of the cattle have died or been sold out of the country, and the

most calamitous mortality among the people was only averted by the facilities which the railway lines afforded for the transit of grain. The famine, though general throughout Rajpootana, was most severely felt in Marwar. Here scarcity of grain is common, and the people find relief by emigrating to the neighbouring states, returning with the approach of the rainy season; but on the present occasion, their usual refuge failed them; their neighbours were afflicted equally with themselves. *Malwa is more than ever given up to opium*, and dispersing in various directions, streams of emigrants poured northwards to Delhi and the Punjaub, westwards to Guzerat, while from the south-eastern portions of the country, multitudes passed into the Central Provinces, numbers of them dying by the way. "Some "are left to be devoured by dogs, and others are buried a few inches below the surface of "the ground, and always in nulla beds, that the remains may be swept down by rain to "the sacred rivers."

"it is difficult to estimate the number who emigrated. The northern portion of Marwar "is deserted. In the more fertile portions, the towns are still inhabited, but the villages "are as villages of the dead; only a few women and one or two old men being left to look "after the houses." "There is no doubt that the population of the country will be "permanently diminished by one-fourth. Many will settle in the countries to which they "have emigrated, and the misrule and want of good government which has prevailed for "the last few years in Marwar will deter others from coming back." The failure of the grass obliged the people to take with them the greater number of their cattle. Of 2¼ million head of cattle in Marwar, nine-tenths, it is estimated, were taken away by the departing emigrants. The one-tenth that remained may be said to have died off, while an almost equal mortality appears to have followed the herds. Looking to the future, the prospect was gloomy. "The cattle left in the country are not sufficient to plough one-"tenth part of the land usually sown in the Khureef. The cattle, with the returning "emigrants, will not arrive till the new grass is sprouted, too late for the season's sowings, "excepting of vetches and inferior grains, the produce from which will not compensate for "the drain on the stocks caused by the demand for seed and the extra number of mouths; "moreover, there is little hope of import of grain from neighbouring countries, and each "State must depend on the stock she herself holds."

It is pleasing to learn that the chiefs have, as a rule, done all in their power to relieve the sufferings of the people, by the remission of taxes, and by the removal of the prohibitive restrictions on grain which, from an erroneous conception of their duty to their subjects, they at first imposed when scarcity showed itself. In this enlightened policy, the lead was taken by the Maharajah of Jeypore, who has shown himself to be the most advanced in the cause of progress of all his countrymen. His firm support has overcome the opposition of the conservative thakoors and State officials to the recently established "council." This body, which aids his Highness in both a consultive and executive capacity, has of course, not been in existence long enough to become perfect, but it has already displayed a marked superority over the former Government, and both in devising and carrying out reforms, and in the despatch of business, has gained the praise of the Political Agent. Indeed the progress of the State of Jeypore, during the past three or four years particularly, is the subject of special remark on his part.

As in the other States of Rajpootana, famine here also pressed heavily. In the most favoured localities, the yield was about one quarter of the average, while in others it was even less. The Maharajah's generosity during the crisis was not confined to the removal of the transit duties on grain, though as it was entirely opposed to long established custom, this measure deserves the largest share of praise; famine works were instituted by the Durbar; consideration was paid to the helpless poor and the aged and infirm. The charity shown by individuals was also most praiseworthy. The Maharajah's relief measures received the thanks of Government, and the reward of an increase to his salute from 17 to 19 guns.

— III. —

(Question 9969).

(Extract from the India Office Statistical Abstract, Fourth Number, 1870).

TABLE No. 49.—Expenditure by Government on account of Public Works in *British India*, according to the following Classification, for each of the under-mentioned Years, exclusive of State Outlay on Guaranteed Works.

Years ended		MILITARY.			CIVIL BUILDINGS.			PUBLIC IMPROVEMENTS.			TOTAL.			Establishments, Tools, Plants, &c.	Grand Total.	Remarks.
		Original Works.	Repairs.	Total.	Original Works.	Repairs.	Total.	Original Works.	Repairs.	Total.	Original Works.	Repairs.	Total.			
		£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	£.	
30 April	1860	1,076,930	162,537	1,239,467	150,523	88,216	238,739	398,028	679,427	1,077,455	1,625,481	930,180	2,555,661	666,507	3,222,168	Authorised expenditure.
	1861	770,114	130,575	900,689	304,185	86,532	390,717	753,408	664,233	1,417,641	1,827,707	881,340	2,709,047	662,307	3,371,354	*Note.*—The annual grants in these years do not include allotments for State expenditure on guaranteed and aided enterprise, loss by exchange, grant from 1 per cent. income tax, nor unappropriated grant at the disposal of the Government.
	1862	390,571	147,052	537,623	198,036	88,811	286,847	1,248,371	602,839	1,851,210	1,836,978	838,702	2,675,680	720,920	3,396,600	
	1863	410,679	158,809	569,488	307,198	101,879	409,077	1,212,157	611,088	1,823,245	1,930,034	871,776	2,801,810	791,123	3,592,933	
	1864	614,846	172,059	786,905	593,816	104,048	697,864	1,538,589	633,799	2,172,388	2,747,251	903,906	3,657,175	802,089	4,459,264	
	1865	672,275	176,180	848,455	464,147	118,154	582,301	1,570,682	665,252	2,235,934	2,707,104	959,586	3,666,690	806,673	4,473,363	
	1866	1,274,000	211,248	1,485,248	748,145	132,743	880,888	1,378,467	672,577	2,051,044	3,400,612	1,016,568	4,417,180	943,445	5,360,625	
31 March	1867	1,328,856	206,278	1,535,134	641,856	108,697	750,553	1,214,597	644,626	1,859,223	3,185,309	959,601	4,144,910	993,011	5,137,921	Actual expenditure for eleven months.
	1868	1,601,173	232,940	1,834,113	802,113	109,694	911,807	1,309,813	728,780	2,038,593	3,713,099	1,071,414	4,784,513	1,083,376	5,867,889	Actual expenditure.
	1869	2,143,610	256,390	2,400,000	702,716	126,605	829,321	1,782,465	779,040	2,561,505	4,628,791	1,162,035	5,790,826	1,249,174	7,040,000	Distribution of grants.

N.B.—It is to be observed that the foregoing figures relate rather to grants and amounts sanctioned for expenditure than to actual expenditure incurred, and which differences no doubt, on each head of service, or in each Province, may be very considerable; but as such differences tend to compensate each other, when collected together in an aggregate form, it may therefore fairly be presumed that the grants represent the actual outlay.

Appendix No. 13.

PAPER handed in by Mr. *Thornton*.

Appendix, No. 13.

MEMORANDUM by Lieutenant Colonel *F. H. Rundall*, R.E., Chief Engineer, Bengal, Irrigation Department, accompanying the submission of the Plans and Estimates of the various Works comprising the Orissa Project, as designed and executed by the East India Irrigation Company.

Chapter I.

The series of irrigation and navigation works about to be described are those which have lately been purchased by the Government from the East India Irrigation Company, and are known as the Orissa Project.

Introductory observations.

This scheme originated in consequence of a report on the condition of the Province of Orissa made by Sir A. Cotton so far back as 1858, when he was ordered by the Government of India to proceed to Cuttack for the purpose of reporting on the measures necessary to save the city from the destruction with which it was then threatened from the River Mahanuddy, or rather from that branch of it called the Katjooree, which had begun to undermine the whole Mahratta Revetment that surrounds the city.

While on this duty, Sir A. Cotton's attention was attracted to the condition of the districts comprising the Cuttack commissionership, and finding that they were very similarly circumstanced to those districts bordering the Godavery, where the great scheme of irrigation works had begun to yield such valuable results, he recommended the Government to consider the propriety of entering upon a similar series of works for Orissa.

While the subject was occupying the attention of Government, the Irrigation Company who had been encouraged to commence operations in Madras, offered to carry out a scheme in Orissa on the basis of Sir A. Cotton's recommendations. After considerable discussion the offer of the Company was accepted, and a contract entered into with them for a scheme of works combining irrigation with navigation, one of the main features of which was to open continuous water communication between Cuttack and Calcutta.

In order to assist the Irrigation Company in designing and starting their scheme, the Government of India were pleased to place my services at the Company's disposal to act as their chief engineer. I remained with them in that capacity nearly five years, and during that period the various works hereafter to be described were designed and put in hand, and have now reached various degrees of completion.

Now that the works have become Government property, and the Governor General in Council has pronounced it to be requisite that the scheme, as originally designed, should be reviewed in all its details, and the calculations tested, it will be necessary for me to commence from the beginning, and, after explaining the principles on which the scheme, as a whole, is based, proceed to describe in detail each series of works of which it is composed. In doing this, of course much that has been previously written and laid before the Government will unavoidably have to be repeated.

Limits of scheme.
Pooree.
Cuttack.
Balasore.
Midnapore.
Hidgellee.

The area originally contemplated to be embraced by this scheme comprises the five alluvial districts contained between the frontier in the district of Ganjam belonging to the Madras Presidency and the River Hooghly near Calcutta, and contains about 6,000 square miles. This tract of country consists chiefly of a succession of deltas formed by the several rivers which flow through it.

From the Chilka Lake to Balasore the chain of the Eastern Ghauts runs more or less parallel with the coast line, being 60 miles distant from it at the point where the river Mahanuddy first debouches on the plains, and approaching it within 15 miles again at Balasore.

Condition of Orissa during the past century.

In Sterling's History of Orissa, it is stated that the Mahrattas, who, in the course of their career of conquest through India, found their way to Orissa, being enchanted with the multitude of its temples, its beautiful groves of trees, the number of rivers by which the country was traversed, and the appearance of fertility which its great rice plains presented, pronounced the country to be one continual "Tirth" or scene of festivity. However, notwithstanding these evidences of apparent prosperity, the history of Orissa during the past century shows it to have been the scene of periodical distress, and subjected to those visitations which are common more or less to all the deltas of Southern India, and which generally culminate in some such overwhelming calamity as that which lately befell that province.

Extreme drought in one year deprived it of food. Extreme flood in the succeeding year destroyed the hope of the anxiously expected harvest. Its isolated position, from want of proper communications, aggravated those calamities, by placing it beyond the reach of succour from localities which could have ministered to its wants.

It was with the view of preventing such calamities, by using the experience gained in similarly circumstanced provinces, that the scheme of the Orissa works was planned.

Appendix, No. 13.

Its isolation.

In the year 1862, when the Irrigation Company first commenced its operations, the only means of communication with Orissa were by what was called the Grand Trunk-road, which was at that time little more than in a state of formation, and consisted of high earthen embankments, in many places not consolidated, with no metal covering, and but few bridges. Consequently during the rainy season the post from Calcutta was often 10 days in transit, the telegraph wires when most required were carried away at the river crossings, and Orissa became to all intents and purposes cut off from the rest of India.

It is true there was the safe and convenient, though small, harbour of False Point, but vessels rarely resorted to it, and it was with great difficulty that ships could be chartered in England to bring out the machinery for the irrigation company's works, owing to there being no information obtainable about the port. Beyond the fact that there was a light-house erected to warn every body of the coast, nothing was known, and when at last the first two ships did venture there, it was with the greatest difficulty that the commanders could be induced to bring their vessels within the sheltered port, instead of remaining anchored out in the open roadstead. From its having been so rarely visited, no cargo boats were procurable; and as the only boats available were those belonging to the lighthouse superintendent, viz., a small cutter and lighter, almost everything had to be landed at much risk in river boats sent down all the way from Cuttack. Had not the Mahanuddy fortunately been navigable for boats of very small draught, there would have been no possibility of bringing up any of even the lighter stores. The greater part of the heavy machinery had to be landed at the head of the tidal reach of the river, and to be kept there till the rainy season, when the rising of the river would admit of suitable boats being dispatched for it.

Such was the isolation of the province. Its whole trade* was crowded into the six dry months of the year, when carts dragged by unsually small cattle could find their way either to Balasore, 120 miles distant, where there was a small export trade carried on by country craft, or else to the Hooghly, 200 miles distant, whence it was conveyed to Calcutta. That trade, as may be supposed, was perfectly insignificant, and the consequence very apparent in the total absence of any indication of wealth amongst either the merchants or zemindars, while the mass of the people were wretchedly poor.

But little money had up to that time been expended in public works in Orissa. Endeavours had been made to improve the existing lines of embankments; but as the system on which they had been originally designed was very defective, it followed that in such floods as overtook the country in the years 1862 and 1866, the embankments afforded only a limited protection.

Principles to be observed in projecting the works.

The three leading prineiples to be observed in projecting works for Orissa were thus made clear,—

1st. The country must be provided with means to prevent the recurrence of drought.

2nd. Its harvest must at all times be protected from liability to destruction from floods.

3rd. Lines of communication must be constructed to connect its districts with the sea-board, with one another, with the great market of Calcutta, and with the seat of Government.

The question for consideration then became, How could these several objects be best attained?

Before explaining the measures that were adopted, and the series of works designed to secure these objects, it will be necessary to describe the general features of the country.

Chapter II.

General features of the country affected by the scheme.

Between the Chilka Lake and Calcutta, the country is traversed by the seven rivers marginally named,* each of which, with the exception of the Borabullong, is more or less deltaic in character.

* Mahanuddy.
Brahminee.
Byturnee.
Salundee.
Borabullong.
Subunreeka.
Cossye.

The deltas of the four first-named rivers may be said to practically form one great delta, for during extraordinary floods there is almost a continuous sheet of water spread over the whole space from the lake to the Salundee.

The delta of the Subunreeka stretches on the right bank nearly to the Borabullong, as its waters in extraordinary floods have been known to flow nearly as far as that river. On the left bank it merges into the district of Hidgellee, whose formation is probably owing to the overflow of the Hooghly and its tributaries. The seventh river, the Cossye, commences to be deltaic immediately after passing the town of Midnapore, but being a comparatively small river the strip of delta or alluvium formed by its overflow is narrow until the Cossye approaches the estuary of the Hooghly, where it assumes the name of the Huldee.

Immediately above the point where these several rivers commence to overflow their banks, the country begins to slope up steeply to the hills. From that point, however, towards the sea the fall is very gentle, varying from 1½ feet per mile in the Mahanuddy to one

* *Note.*—Previous to the year 1862 there had been a considerable trade in salt from Balasore, but the abolition of the salt manufacture, of course, put an end to this source of trade.

one foot in the Subunreeka and Cossye. Thus the limits within which the works should be confined are clearly marked out. The whole country may be said to be perfectly flat, broken only by such small depressions as carry off the drainage waters to the sea, with the exception of the slightly undulating tract between the Salundee and Borabullong; but even in that portion there is no difficulty in finding a contour line along which a canal might be carried. The soil, as might be supposed, varies a good deal throughout these districts, and partakes of the character of the rocks which compose the basins of the respective rivers, being of a much richer character in some parts than in others; for instance, though the Mahanuddy and Brahminee are contiguous, the fertility of the delta formed by the latter river is far greater than the delta of the Mahanuddy, as evidenced in the enormous growth of the trees and in the weight of the various crops raised. The deposit of the Subunreeka, on the other hand, is apparently not nearly so rich as that of the Cossye.

Areas of catchment basin and discharge of rivers.

All these rivers are fed by the rains of the south-west monsoon. The size of their respective basins, and their maximum and minimum discharges are as follows :—

	Catchment Basin in Square Miles.	Maximum Discharge in Flood.	Average Cold Weather Volume.	Minimum Discharge in May and June.
		Cubic Feet per Second.	Cubic Feet per Second.	
Mahanuddy - - - - -	45,000	1,800,000	3,000	750
Brahminee - - - - -	9,000	500,000	1,000	380
Byturnee - - - - -	3,100	200,000	500	180
Salundee - - - - -	250	60,000	260	—
Subunreeka - - - - -	6,000	300,000	600	380
Cossye - - - - - -	2,600	143,500	300	180

Crops cultivated in Orissa.

The staple crop of the whole country is rice, and is grown during the monsoon months. It consists of three kinds :—*First*, That which is sown broadcast, and which in Orissa occupies the greater portion of the land, and is locally termed Beallee. *Secondly*, That which is transplanted, and which, in the absence of the means of artificial irrigation, can only be grown in low grounds, where rain-water is likely to lodge. This crop is known by the name of Sarud, and yields both a finer description and a larger weight of rice. *Thirdly*, That which is grown at the close of the cold weather, or in the spring of the year, and is known as Dalwa. This crop is wholly dependent on artificial irrigation, and, when carefully cultivated, yields a good return.

Besides the rice crops there are small quantities of sugar-cane, cotton, tobacco, plantain, chillies, pawn leaf, and other garden produce; but the proportion of such crops in Orissa is insignificant. Wheat is also grown in certain localities, but to no great extent. Cotton, mustard, and other oil seeds form the principal cold weather crops. In Midnapore there is more sugar-cane, and there are also extensive mulberry plantations, but the main crop there also is rice, while in Hidgellee rice alone is attempted to be cultivated.

The monsoon the principal season for cultivation.

The principal season of cultivation, therefore, is during the south-west monsoon; and whenever the rains were either deficient or untimely, or if they commenced too late or stopped too early, the great food crop of the whole province was endangered, and could not be replaced in any appreciable degree by any subsequent crop grown in the spring. When the rains cease too early, as, for instance, in 1865, over any large extent of country, the consequence must inevitably be famine, and from the fact that during the late famine money was utterly useless and powerless to procure food, added to the fact that there has never been any export trade from the Orissa districts, with the exception of the small quantities which are shipped at Balasore, the inevitable inference is that the yield off the land is not more than sufficient to sustain the population from year to year, and, therefore, that a partial failure of the harvest must produce a certain degree of pressure locally wherever it occurs. Hence the necessity not only of endeavouring to increase the quantity of food grown off a given area of land, but of so connecting the various districts of the province by lines of cheap water-carriage, that grain may be at once conveyed from the locality where it is to be had in abundance to the place which is in want of it.

The Godavery and Kistna districts used to suffer in precisely the same manner; but since the net-work of navigable canals has been made, there is scarcely any portion of those districts which is not accessible, and which cannot at once be immediately supplied with food, when, from any unforeseen visitation, the crops in that portion may have either failed or been destroyed.

Rainfall.

The rainfall in Orissa not only varies considerably as to the total quantity, but it is very irregular; heavy bursts taking place during, perhaps, a week without any intermission, being succeeded by nearly a month's drought, in which not an inch of rain falls. The average annual fall is considerably in excess of that in the deltas of the Godavery and Kistna; but the irregularity is very similar. This irregularity is fatal to the proper growth

Appendix, No. 13.

of rice crops, and I have no doubt whatever, is one main cause of the smallness of the yield in Orissa, as compared with that grown in irrrigated districts. The rainfall in the Godavery averages, I think, 45 inches. In Orissa it reaches 60 inches. In 1865, the year of failure, nearly 60 inches were registered at Cuttack, but as the rain ceased on the 14th September, the crops consequently perished. The actual quantity of rain falling during the year is therefore no criterion of whether artificial irrigation is necessary or not. It is the regularity or otherwise of its distribution during the cultivating season which has to be observed.

Main object of the scheme.

These considerations determined the *scope* and the *purpose* with which the works were to be primarily designed, as far as their irrigating properties were concerned. The *main object* to be kept in view was to *secure the principal crop* of the district from all risk of failure om drought.

As mentioned above, all the rivers which had to be dealt with take their rise in the chain the Eastern Ghauts, which intercept the south-west monsoon in its pasage across the eninsula, and are consequently abundantly supplied between the months of June and ecember, or during the season when the main food crop of the country is on the ground. s far, then, as sources of supply, they are individually superabundant for all the land that uld possibly be cultivated. The problem then was how could that supply be best dis-ibuted? For the elucidation of this point the character of each of the rivers had to con-dered separately.

Chapter III.

Character of the several rivers. Mahanuddy.

Of all those named, the Mahanuddy ranks the first in size and importance. Its catch-ment basin above the gorge through which it passes into the delta measures about 45,000 square miles. From its peculiar configuration, the waters which drain off after a heavy burst of rain arrive more or less simultaneously at the main river, and are the cause of the violent floods and of the immense volume of water which is carried in an extreme fresh, and which has been calculated at as much as 1,800,000 cubic feet per second. The discharge during an extraordinary flood in rivers of such magnitude can, however, only be arrived at approximately. If the data on which the above calculation is fouded be correct, the great flood in August 1866 was equivalent to nine-tenths of an inch per day over the whole basin for 10 consecutive days, and in the following September, of 1 inch per day for four and a half days.

The flood rarely maintains its *extreme* height for 12 hours; but in the case just mentioned, from the day on which the river commenced to rise to the day on which it subsided again to the same height at which it had before stood, the river had risen through and fallen through 13 feet, during which time it was calculated that the volume of water discharged must have been due to the rainfall above mentioned.

In dealing with the Mahanuddy, a difficulty presented itself at the outset. Immediately upon issuing from the gorge the river bifurcates, one arm retaining the name of Mahanuddy, and the other taking that of Katjooree. From a series of careful investigations which had been made some years previously by Captain J. C. Harris, of the Engineers, it seemed almost certain that the relative sizes of these two rivers had become greatly altered; that the head of the Mahanuddy had become silted, while that of the Katjooree had both so deepened and widened as to take off all the cold weather volume of the river. Captain Harris's investigations further showed that the capacities of all the rivers, so far as the sections within their natural banks were concerned, only admitted of their carrying one-half the volume entering their respective heads, and that, therefore, on the occurrence of every flood above a certain height on the gauges at Cuttack, the country must be, more or less, exposed to the effects of inundation. To meet this difficulty, certain measures have been proposed, one of which was to construct at a particular spot a partial stone dam on the Mahanuddy, which should retard and raise the water in flood, until it had acquired sufficient head to pour down a cutting which it was proposed should at the same time be made from its right bank across the country into a stream which runs into the Chilka Lake. The action of the water on this cutting would, it was supposed, wear it away gradually, until the section was sufficiently large to carry off all the excess water of the Mahanuddy. In other words, the cutting was to serve the purpose of an escape channel for the floods. This project was not approved by the Government; but a proposal made at the same time for diverting the water from the Katjooree into the Mahanuddy by means of a long stone groyne was sanctioned.

This work was a step in the right direction, inasmuch as it commenced to deal with the difficulty at the right points, but it could not of itself, especially as planned, wholly rectify the existing evils. It was plain, however, that the regulation of the rivers must be taken in hand at the outset, and therefore the weir at Naraje (the village situated at the gorge) was planned. For economy's sake it appeared best to make use of the groyne which had been already built, though it was not the best alignment for a weir. To make the work answer the object for which it had been constructed, it was necessary to convert it into a complete weir of such a length and height as should reduce the discharge of the Katjooree to the proportion which it had been calculated the two rivers ought relatively to discharge. Their existing discharges were as 3 : 4, whereas they should be only as 3 : 5. This necessitated reducing the length of the weir to 3,600 feet; but as to raise it to the full height at once was inexpedient, and might, perhaps, endanger its stability at first, the crest of the weir has been kept 3 feet below its ultimate projected height. To make the division between the rivers complete, it was necessary to run an embankment from the head of the delta across the

the high sands and intervening islands, which were submerged during extraordinary floods, in order to connect the north wing wall of the weir with the protective embankment which surrounds the city; otherwise the waters of the two rivers would mingle and flow from one into the other, and so disturb the equilibrium it was sought to maintain. This work is termed in the estimates the Dividing Embankment. After the weir had been exposed to one year's freshes, it was noticed that there was still a great escape from the Katjooree to the Mahanuddy through the gaps, which had not yet been closed, and therefore it is considered advisable that these gaps should be kept open until the silting up effected by the weir has so reduced the quantity of water passing down the Katjooree that at a given height of the freshes it will no longer flow back into the Mahanuddy. As soon as this takes place, it will be evident that the desired equilibrium has been attained, that the gaps should be closed, and the waters of the two rivers thenceforth be kept separate. The result of the weir has exceeded my anticipations. When I inspected it in May last, I found the bed of the Katjooree on the up-stream side had become silted up far more than I thought possible in so short a time, and also that the diminished volume passing over the weir had lessened the velocity of the river below the weir, so that the lower bed was also filling up. The volume of water passing down the Katjooree and thence down the Pooree rivers must, in consequence, already be considerably lessened.

Rivers in the Pooree District.

To protect the Pooree district, entirely, however, it will be necessary to adopt the measures originally proposed by me, viz., regulating the head of each of the rivers below, and forming escapes, or rather taking advantage of the present drainage channels and converting them into escapes for the purpose of carrying off the excess flood-waters. Probably escapes of much smaller section than those I originally contemplated will be necessary, as further investigations have shown that, by regulating the slope of the flood surface, and by giving the existing embankments additional height, the sectional areas of the rivers will be so much increased that they will be able to convey a much larger volume of water than was once supposed. Of these rivers there are four traversing the Pooree district which must be briefly noticed. Opposite to Cuttack the Katjooree divides into two branches, one of which is called the Khoakye. This last, after a distance of 10 miles, throws off from its left bank a branch called the Koosbuddra, which runs through the centre of the tract contained between the Katjooree and the Khoakye. At seven miles further, the Khoakye splits into two branches, called the Bargovee and Dyah. The former runs to near Pooree, and, turning off at right angles to its course, finally disembogues into the Chilka Lake, into which the Dyah also discharges its waters. Both these rivers gradually diminish in section so much that the water entering the head cannot be discharged at the end, and therefore it invariably breaches the embankments somewhere, and finds a vent across the country. On either side the Koosbuddra, which has the character of a deltaic river through the greater part of its course, are two drainage channels, one called the "Prachee," the other the "Dunnoah." Both of these may be made use of as embanked escapes. They actually serve that purpose now, being the natural drainages of the tract in question; so that wherever the floods breach the embankment, the water finds its way to these hollows, and is by their means conveyed to the sea.

Between the Dyah and Bargovee a similar drainage, called the "Noon," exists, and by taking advantage of this it is probable the freshes entering the head of the Khoakye may be safely disposed of. As the Bargovee and Dyah both run on the ridge, and are, comparatively speaking, of regular section, and by no means tortuous, they can probably be made to serve for the main canals of the district. These particulars, however, will be better entered into when the project of the canals for the Pooree district is submitted.

Chapter IV.

Returning to the Mahanuddy, that river will be found to divide into several branches before it finally reaches the sea. The first branch is thrown off just opposite to Cuttack, and is called the Beropa. This has a steeper fall than the parent river, and, after a distance of 35 miles, joins the main stream of the next river, the Brahminee, whose estuary is that fine broad and deep tidal river known as the Dhamrah.

Site for the head works.

The bifurcation of the Mahanuddy and Katjooree, opposite to Cuttack, determined the site for the main anicuts across those rivers; for, had these works been built higher up, the tract of country contained between the branches below the bifurcation could only be supplied with water by means of very expensive aqueducts across those branches. The site for the head works, and the point from whence the canal must be taken off being then determined, the designs of those works had next to be sealed, and these depended principally on the nature of the available material.

Fortunately there was abundance of stone and lime procurable. In the immediate neighbourhood of Cuttack there are vast platforms of laterite, and at Naraje, and intermediately, there is an excellent description of sandstone.

Form of weir.

As it was ascertained that stone could be deposited at a moderate cost, the form of weir across the River Kistnah was adopted in preference to that on the Godavery, as requiring less skilled labour, and admitting, consequently, of more rapid construction.

The head works were then planned to consist of three weirs across the Rivers Mahanuddy, Katjooree, and Beropa; but for the Khoakye a set of regulating sluices was proposed. These weirs were 6,400, 3,900, and 1,980 feet respectively. The height of the Mahanuddy and Katjooree weirs was 12½ feet, and of the Beropa 9 feet, exclusive of shutters three feet

Appendix, No. 13.

high, which were intended to be added hereafter, whenever the development of irrigation required a greater depth of water to be sent down the canals.

The weir across the Beropa was placed 1½ miles below the point of bifurcation, in order to save that amount of excavation in the High Level and Kendraparah Canals.

The bed of the Mahanuddy and Katjooree consists of pure sand, except for a short distance near either bank, where a stiff clay is found, and which is supposed to underlie the whole space covered by the city of Cuttack.

In the Beropa the bed for a short distance on the left bank consists of laterite not very compact; the rest is pure sand.

Mahanuddy Anicut.

The Mahanuddy Anicut was planned to be furnished with three sets of under-sluices, but only two have as yet been constructed. Those on the left bank have been purposely deferred, in order to see what the action on the head of the Beropa would be by allowing the principal draught to be carried down it. The arrangement has thus far proved succesful in keeping the head of that river clear.

The under sluices were originally designed on the same principles as those in the southern deltas; but their action has been found so feeble that I determined to experiment with the design of double moveable shutters, which have been successfully used on rivers in France. This year will be the first in which the experiment will have been fairly tried, and, if successful, their adoption in similar situations will be very desirable, as by reason of the powerful scour created by them the accumulations in the bed above the anicuts will be greatly reduced.

The head of the canal which is to supply the tract of country lying between the Mahanuddy and Katjooree, and to which the distinctive term "Central Delta" has been given, is taken off from the right flank of the Mahanuddy Anicut, and a set of regulating sluices is built across the head. The lock, with a separate channel, is constructed at about 400 yards above the sluices.

Junction Canal.

From this canal a branch, called the Junction Canal, is intended to be taken close to the principal part of the city, and to be connected with the Katjooree, so as to admit of boats passing from one river to the other, and of carrying their cargoes as near to the merchants' godowns as possible. This canal will be furnished with only a lock on the Katjooree, as head sluices will not be needed.

In the Pooree district it is proposed to use the River Khoakye as the supply channel.

From the Beropa Anicut two canals are led off, one on either bank; that on the left bank is the High Level Canal, intended to connect Cuttack with Calcutta; while that on the right bank is intended for the irrigation of the tract lying between the Mahanuddy, Beropa, and Brahminee. Each of these canals is furnished with regulating sluices and locks.

City Protective Works.

As the level of the ground on which Cuttack is built is below that of the river when in extreme flood, it is necessary to surround the city with embankments. These have been constructed many years, the Mahrattas having in the first instance built a massive revetment of laterite all round the head of the delta. When the anicut came to be built, it was considered necessary that the embankments should be raised and strengthened, and put, as far as human effort could do so, beyond the reach of injury by flood. These embankments are distinguished in the estimate by the name of City Protective Works.

The structures above enumerated include what are termed the head works on the Mahanuddy at Cuttack. A more minute description of their design, dimensions, and other particulars will be given hereafter.

Chapter V.

Description of the canals.

The canals have now to be considered. Those intended for the Pooree districts not having as yet been entered upon, will not now be enumerated. Five canals have been designed for the Cuttack district, of which two are branches only from the following three main heads, viz.:—

1. The High Level Canal.
2. Kendraparah - ditto.
3. Taldundah - ditto.

The two last throw off each a main branch to serve for navigation as well as irrigation. That from the Kendraparah canal is called the Pattamoondee branch, and that from the Taldundah canal is called the Machgong branch; both are intended to terminate in tide water.

Kendraparah Canal.

The Kendraparah Canal, which it will be convenient to consider first, takes off from the right flank of the anicut across the Beropa. It is intended to convey water sufficient to irrigate the tract of country contained between the Mahanuddy, Beropa, and Brahminree, and to which the name of the Northern Delta has been given. This tract measures about 700 square miles, and contains about 4,06,000 culturable acres. As almost the whole area is cultivated with rice crops, it was considered desirable to provide sufficient for the *simultaneous* irrigation of at least two-thirds of it, or for 2,70,000 acres, at the rate of one cubic yard per hour per acre. The dimensions of this canal were regulated accordingly, being planned with a width of 160 feet on the water line, a depth of seven feet, and side slopes of 2 : 1.

That width, however, was only to be maintained as far as the head of the Pattamoondee branch, after which it is reduced to 100 feet, the slope of the bed remaining the same, viz., six

six inches per mile. The width again diminishes in proportion to the quantity of water drawn off by each distributary, until the minimum width of 75 feet is attained. The depth continues the same throughout in full supply, but the fall is reduced first to four inches per mile, then to 1½ inches, and finally to a dead level in the last reach, which ends at a village called Marsaghai, and from whence there is tidal navigation to the anchorage at False Point.

The floor of the head sluices being 59·50 feet above mean sea level, that amount of fall has to be overcome in the length of 40 miles. This is effected by seven locks, inclusive of the tidal lock, so arranged as to maintain a depth of four feet throughout, should the supply of water ever run so short as to necessitate the canal being reduced to a still water navigation.

The general direction of this canal being parallel, and for the most part close to the river bank, its embankments serve the double purpose of tow paths to the canal and flood-banks for the protection of the country; consequently by this one work this tract is both preserved from inundation and supplied with water for irrigation, as well as furnished with the means of conveyance for its produce to the port.

Irrigable area.

The actual area allotted for irrigation, after deducting that assigned to the Pattamoondee branch, is 1,57,000 acres, of which at present only so much is provided for as lies on the left bank of the Chittertollah and Noona (both minor branches of the parent river, Mahanuddy). The insular portions contained between the right bank of those branches and the left bank of the Mahanuddy Proper, about 50,000 acres, will have to be supplied by means of an aqueduct taken off the main line near the head of the Noona.

Distribution channels.

For distributing the water to the villages, 13 principal channels with 37 minor branches, are taken off the main canal, and measure in all 171 miles. These distributaries vary in section according to the areas which they have respectively to irrigate. Their direction is shown on the inch-to-the-mile map.

Bridges.

As the canal runs so close to the river, bridge accommodation is only required at those places where roads lead to the different ferries, or where there may be a village between the canal and the river. Besides the bridges at each lock, five intermediate bridges have been provided, thus making 12 crossing places in the length of 40 miles, or on the average one in 3⅓ miles. For the accommodation of villages, ferry boats are provided, and easy slopes are cut in the banks for the passage of cattle. There being so little land between the river and the canal, scarcely any drainage has to be provided for; six syphon culverts are sufficient to carry off all the rain-water that falls.

Locks.

The dimensions of the locks were fixed at 100 feet in length by 17 feet in width, in order to admit of the passage of the iron cargo boats, some of which are 80 feet long by 16 feet beam. The country boats which navigate the river vary from 40 to 60, and even 80 feet in length, but are much narrower. As this canal will be the principal route to the port, without doubt a very large traffic will gradually be created, for it bears to Cuttack the same relation that the Coconada Canal bears to the Godavery, and it is therefore necessary to provide accordingly.

Weir.

The weirs attached to the locks are all designed with a vertical fall, and are made to discharge the full quantity allotted to each, with a depth of four feet on the crest. Planks are fitted into iron grooves, by which the height on the crest, and therefore also upon the sills of the locks in each reach, is arranged. From the terminus of this canal there are two routes to the anchorage in False Point Harbour, one down the rivers Noona and Mahanuddy, and *viâ* the Bakood Creek, the other by the tidal creek called the Jumboo. This latter route being somewhat shorter, and having a greater depth of water over the bar at its mouth, will no doubt prove ultimately the route which all cargo boats will take, especially during the months when the river is in flood; for at such times the flood tide has no effect on the current of the river, which is so strong that even empty boats find great difficulty in stemming it, whereas along the banks of the Jumboo a towing path can be easily made, and the upward passage of boats be greatly facilitated.

Pattamoondee Branch.

The Pattamoondee branch above mentioned will take off from about the fourth mile from the head of the main canal, and run parallel and close to the right bank first of the Beropa, and then of the Brahminee, into whose estuary it will drop at the village of Pattamoondee. This place is frequented by grain merchants, and is the focus of the little export trade which takes place by the Dhamra. The river here is so large and with such deep water, that in all probability it will become a considerable place of export eventually, for when they are once over the bar, on which there is 16 feet of water at spring tides, ships could ride more safely than in the Hooghly. Whether it may eventually prove advisable to improve the entrance to the Dharma will depend of course on the trade which may spring up, but for the present a steam tug only is wanted to enable vessels to enter and depart safely.

This branch has to irrigate 1,13,000 acres. The original design was to give it the same fall as the country, so as to do away with the necessity for locks; but on reconsideration I think as an alternative line of navigation to another port, which is also connected with False Point by means of tidal creeks, it will be advisable to improve this canal for navigation by the construction of locks, more especially as it also will form part of an alternative line to Calcutta as will be hereafter explained.

Taldundah Cana

The second canal to be described is that to which the name of Taldundah has been given, as that village is the present limit to the tidal navigation, and is the point to which the steamer "Teesta" brings all goods and passengers from the anchorage. The canal, however, has been projected to extend to eight miles further down, and to drop into a sheltered tidal

Appendix, No. 13.

tidal creek, for at Taldundah the terminal lock would have to be built on the bank of the main river, and there would be no certainty of deep water being permanently maintained near it. This canal is precisely of the same type as that just described, with the exception that, as it has not to convey so much water, its dimensions are not so large.

The canal head is taken off from the right flank of the Mahanuddy Anicut, and runs for 7 miles, with a fall of 6 inches per mile, a surface width of 96 feet, with side slopes of 2 to 1, and a maximum depth of 8 feet, capable of discharging, if required, 1,460 cubic feet per second.

Machgong Branch.

At that distance two locks occur, one to regulate the entrance into the branch canal to Machgong, which is here thrown off; the other to the continuation of the main line, which runs more or less parallel with the bank of the river to Taldundah. There are eight locks in its whole length, and the same fall of 59·50 feet to be overcome.

All the masonry works are designed precisely similar to those on the Kendraparah Canal. At the 27th mile, at the village of Jeypore, the canal meets with a small flood escape, which runs right across the central tract from the Katjooree to the Mahanuddy. It will be necessary to close this escape at both ends, and let this natural channel perform its proper office of a drain to the area contained between the two rivers.

The tract which is commanded by this canal and its branch to Machgong, has been designated the Central Delta, and contains 400 square miles, equal to 2,32,000 culturable acres, for two-thirds of which, or 1,55,000 acres, water is provided at the same quantity per acre as on the Kendraparah Canal; for throughout it also rice is the principal crop cultivated. This line will be equally important with the Kendraparah Canal, as far as navigation is concerned, as all the produce of this delta, and probably all that is brought from the Pooree and southern districts, will find its way along it to the port. It is very important also to have two lines of communication to the port, as thereby it will be always possible to close one for repairs without much inconvenience to the public; and in the case of any unforeseen accidents to one, the other will be always available. When once an important trade has been established, it is most essential to avoid all risk of the line of communication being wholly interrupted.

The Machgong branch was planned more especially with a view to affording irrigation. It will during the cultivating season serve the purposes of navigation; but as there is no important place at its terminus, and the estuary of the River Daib, into which it falls, is visited by only a few country vessels occasionally, a line of canal navigable throughout the year is not of so much importance, and therefore no locks have been designed for it for the present.

The dimensions given to this canal are 60 feet on the water line, with a depth of 5 feet in full supply, and a fall of 1¼ feet per mile. It has to supply with irrigation an area of 82,000 acres. As both these canals run more or less near the river's margin, their embankments will likewise help in affording protection to the country from inundation.

The distributaries from both these canals are to be arranged similarly to those from the Kendraparah Canal, and the natural drainage of the country wherever defective will be improved. As on the Kendraparah Canal, so here the amount of drainage *intercepted* is very small, and will be provided for by 10 syphon culverts in each canal.

High Level Canal.

It now remains to describe the High Level Canal. This work differs essentially in design from those just described. Its importance as a continuous line of first class navigation connecting Cuttack and all parts of Orissa with Calcutta is equal, if not greater than the irrigation which it will simultaneously afford. Its power as an irrigating canal is confined to a small area in comparison with its length, as it is necessary for so important a line of navigation, where there will be so much traffic proceeding both ways, that the velocity should be kept as low as possible, consistent with other conditions. With a low velocity of course the discharge must be proportionately small, unless the canal be made of great width.

Dimensions.

The dimensions given in the present instance are 120 feet on the water line, with a maximum depth of 8 feet, side slopes of 3 to 1, and a fall of only one inch per mile. The mean velocity with these dimensions amounts to only $\frac{9}{10}$ of a foot per second, and the surface velocity to about 1,100 yards, or $\frac{3}{5}$ of a mile per hour. This velocity has, if I recollect rightly, been found in the Godavery sufficient to check the growth of weeds, and is at the same time of but little obstruction to navigation. On this long line of navigation, where the obstruction from lockage will be trifling, I have little doubt but that it will be found profitable to run passenger steamers as well as to use steam power for towing. The capacity of this canal in full supply will be 705 cubic feet per second, sufficient at the same rate of calculation in round numbers for 90,000 acres.

As the direction of this canal lies *across* the drainage of the country, its construction might, at first sight, appear to be accompanied with considerable difficulties, especially as some formidable rivers have to be passed before Calcutta is reached; but the very fact of the principal part of that drainage being concentrated in those rivers facilitates the construction of the canal, and affords the means of its proving more remunerative than it would otherwise be; for, as each of these rivers afford a *fresh source* of supply, the canal is divided into as many sections as there are rivers to be crossed, and thus, instead of its being only able to convey 700 cubic feet per second along its *whole* length, it can be made to convey an equal volume along *each section* of its length, and so its irrigating capacity is, of course, increased in proportion to the number of its sources of supply.

General description.

Before considering each section in detail, it will be well to give a short general description of the course it takes. Starting from the left bank of the Beropa it follows the high ground

ground which skirts the edge of the delta, until it reaches the River Brahminee, the bed of which is there 8 feet lower than that of the Mahanuddy. The Brahminee, which here bifurcates, is spanned by two anicuts, one across each branch at the apex of its delta. The canal starts again from the left bank, receiving its supply from the Brahminee, and similarly skirts the edge of the delta land as far as the River Byturnee, which in its turn is spanned by two anicuts at the point of its bifurcation. The canal is then continued from the left bank, receiving its supply from the Byturnee, and runs more or less parallel with the Trunk-road to the river Salundee, which likewise will be most conveniently crossed by an anicut. From this river the canal will follow a contour line, crossing and re-crossing the Trunk-road until it reaches the town of Balasore, below which it will be dropped by locks into the Balasore river.

For its continuation from thence a new summit level and source of supply is found in the River Subunreeka, across which another anicut has to be built, from either flank of which the canals to Balasore and Midnapore are respectively led off. The levels do not admit of the canal from the Subunreeka being taken to Midnapore itself, so it joins that portion of the canal which takes its supply from the Cossye at about 10 miles below that town.

The canal from Midnapore is fed by the Cossye, across which an anicut is thrown, and runs straight to the Hooghly at Ooloobarria. The Cossye has to be recrossed at Panchkoorah, where a second dam is built, which supplies the next reach as far as the Roopnarain, from whence the two remaining reaches are tidal. The total length from Cuttack is about 250 miles.

1st Section.

To proceed now with the different sections in detail, the first section, 32 miles in length, starts, as has been said, from the left flank of the Beropa anicut, and proceeds generally in about 6 feet of cutting, until it reaches the 10th mile, where, in order to avoid a very sharp curve and high embankments, it is obliged to be carried across the spur of a hill in a cutting 20 feet deep through very hard laterite studded with sandstone boulders. Again, at the 12th mile it meets with the saddle of a hill about ¾ of a mile in length, with an equal amount of cutting, after which it winds round the base of the great "Durpan" Hill in alternate embankment and cutting, until it reaches the village of "Nealpore" close to the Trunk-road. From that point, the contour edges away up the valley of the Brahminee until it arrives at the place where the river bifurcates at the head of its own delta.

The bed of the Brahminee being eight feet below that of the Mahanuddy, a lock is required in the canal before reaching the Brahminee, in order to adjust it to the level of that river's bed. The best position for that lock was found to be at the twenty-seventh mile, where the large drainage nullah is crossed near "Emamnuggur," about four miles beyond Nealpore; and on reaching the Brahminee the canal mouth has to be protected by a guard lock, in order to keep the high freshes of that river from entering the canal.

The drainage works in this section, consisting of 11 syphon culverts and four waste weirs, provide for the discharge of nine inches of rainfall in 24 hours. The whole area of intercepted drainage amounts to only 215 square miles. The principal culvert is that situated in the first mile, by which the hill stream called the Gondo Noi is passed. It consists of six vents, with an aggregate area of 660 square feet. The general plan is that of a well into which the water falls over a retaining wall on to a substantial flooring, and passing through the arches is discharged over a similar wall on the lower side. The breadth of the whole chamber is from 112 to 116 feet. All the culverts are on a similar plan, and vary only in size suited to the duty which they have respectively to perform.

The waste weirs are on the ordinary design of a vertical drop wall and paved apron. In one case the weir is cut out of the solid rock at the end of the first cutting near the village of Santipore. The lip of the weir is placed at five feet above the bed of the canal; the additional three feet of water will be retained by shutters. Where the canal skirts the Brahminee, the right bank has to perform the office of a river embankment against the floods of that river, which for reasons hereafter shown must also be embanked for a length of 10 miles above the junction.

Including the bridges over the head and terminal and intermediate locks, there are 13 bridges provided for in this section. In addition to the bridges, there are long slopes and ghauts provided as cattle crossings and ferry boats at such villages as may require them. The bridge for carrying the trunk road across the canal consists of three openings spanned by a continuous iron lattice girder, the width of the roadway being 21 feet.

The irrigable area commanded by this section of the canal amounts to 89,000 acres, included in an area of about 150 square miles. The water will be distributed by 17 channels of varying capacity, and an aggregate length of 113 miles, the width of water surface in which will vary from 10 to 26 feet, the depth from 2 to 4 feet, and the fall from ·5 to 1·5 feet per mile. The first of these distributaries, which has to convey water for 26,000 acres, runs for nearly 10 miles along the margin of the River Beropa, and one of its banks has to be made of sufficient section to serve the purpose of the river-flood embankment. At the tenth mile it has to be carried across a small branch of the Beropa, called the Gungootee; and the only way in which this can be effected is by an iron syphon pipe laid on the level of the bed of the river. This arrangement adds considerably to the expense of this distributary, as it is estimated to cost 54,700 rupees. Excluding this item, the detailed estimate for all the distributaries, amounting to 1,81,500 rupees, averages about two rupees per acre.

The Brahminee.

The Brahminee is a large river, draining a catchment basin of about 9,000 square miles. Its flood-discharge amounts to 500,000 cubic feet per second, and its volume does not diminish below 1,000 cubic feet until the month of May, when it is reduced to 380 cubic

Appendix, No. 13.

feet per second; but it is frequently augmented by the heavy north-west storms which occur in the hills at that period of the year. Just above its bifurcation the Brahminee is nearly a mile wide. Of the two branches into which it divides, the larger, measuring 4,000 feet, retains the name of the main river, while the smaller branch, which is only 900 feet broad, is called at the head the Pattia, and a few miles lower down is better known as the Kursoua. An anicut, eight feet high, is designed to span this river into two branches, and the water held up by it feeds the second section of the High Level Canal, as also the tract of land inclosed between the two rivers from the bifurcation to their junction again after a length of 50 miles.

Design of weir.

This weir is designed on the same model as that across the Mahanuddy, there being abundance of stone available at from two to three miles distant. The Brahminee overflows its right bank from a point about 10 miles above the site of the weir. This overflow, which is very considerable, accumulates on the low ground at the base of the hills which skirt this river as far as the Trunk-road crossing, and finds its way back again when the river floods subside through the drainage nullah at Emamnuggur just mentioned. The result of the river having been thus left to itself is, that its bed has become *greatly* silted, a disproportionate quantity of water has been forced down the Pattia, or, as better known, the Kursooa, the consequence of which is felt in the bursting of the embankment in its lower reaches. On the left bank the high ground is near the river, and so there is but little spill above the site of the weir, though there is a great deal *below* it. The first thing necessary is to regulate the discharge of the two rivers, which will, as in the case of the Mahanuddy, be done by the weirs, and by embanking the right bank from above as far down as the flank of the weir. Below that work it will also be necessary to carry the embankment down to the Trunk-road on either side. Beyond the road embankments already exist. The same course must be followed on the other branch, the Kursooa. This tract of country, which has hitherto been periodically overwhelmed, will thus be thoroughly protected, and the Delta proper of the Brahminee be also eventually supplied with water. It contains some of the richest land in Orissa, measuring about 180 square miles, or about 100,000 acres of cultivation; but at the same time it is, perhaps, as much exposed as any part to most destructive inundations from the Brahminee, simply for want of a little judicious regulation of its waters.

2nd Section.

From the left bank of the Pattia, the second section of the High Level Canal is taken off with the same capacity as the first section, and runs for about 13 miles as far as the River Byturnee. The triangle of land inclosed between the Kursooa and the Byturnee, and irrigable directly by this section of the canal, contains about 50 square miles, or about 30,000 cultivated acres; but as the area between the two branches of the Byturnee, measuring 250 square miles, or 145,000 acres, of which two-thirds, or nearly 100,000 acres, may eventually require irrigation, is larger than the available water in that river during the cold weather can supply, this section of the canal will have to convey a portion of the water from the Brahminee to supply the deficiency, and therefore it has been designed with dimensions equal to those of the first section. The anicut across the Pattia branch of the Brahminee has been placed lower down from the point of bifurcation than that across the main branch, in order to avoid the expense of crossing the Gind Nuddee. The level of the surface in the river when in flood being higher than of the water in the canal, it was not possible to let the water of the Gind Nuddee into the canal and over a waste weir out again into the river; while to carry the nullah under the canal by a syphon aqueduct would, owing to the relative levels of the water in the river during floods, and in the canal and in the nullah itself, entail a difficult and costly work. The drainage area of the Gind Nuddee being about 140 square miles, it would require a discharge of about 34,000 cubic feet per second to carry nine inches of water off the ground in 24 hours, or a waterway to the extent of 3,400 square feet, a velocity of 10 feet per second.

As the river when in flood stands up the Gind Nuddee and forms a large swamp, the water of which partly drains off towards the line across which the canal will run, it is necessary to embank the left bank of that nullah, so as to force the river floods to return by the way which they entered.

Head sluices, and a lock similar in design to those built for the 1st section, are, of course, required at the off-takes of this section, and at its terminus or junction with the Byturnee, &c.

At its junction with the Byturnee, the lock will have to be furnished with an extra pair of gates, in order to exclude the high floods of that river, and prevent their standing back up the canal. At other times the lock would remain open, unless it should ever be necessary to reduce this reach to still water, in order to provide for which contingency the banks of the canal in this, as well as in all the other sections, are arranged accordingly.

In order to pass off the drainage which is met with in this length of the canal, two syphon culverts and three aqueducts are required. The former consists of two vents of 12 feet span, with self-acting shutters; the latter, though of similar design, differ in dimensions according to the amount of water which has to be passed. Those over the Tendarah and Roryah Nullahs consist of eight vents of 15 feet span each. The Noontikree Nullah requires one of 10 vents of 15 feet. The area off which the drainage has to be passed by these works amounts to about 80 square miles. The character of the soil along this section is clay, which, during the dry months of the year, bakes into a very hard substance, and is consequently more difficult to excavate than the ordinary delta soil. A higher rate has accordingly to be provided in the estimates.

Besides

Besides those at the head and terminal locks, two bridges are provided in this length,— one of masonry, consisting of two arches of 30 feet span, to carry the Trunk Road over the canal; the other of timber, similar to those which have already been constructed on the 1st section. Appendix, No. 18.

The irrigation from this section of the canal will be very simple, as the area to be supplied is comparatively small. The irrigation of the tract inclosed between the two rivers above alluded to will have to be taken direct from the river through separate head sluices on the left flank of the anicut, across the main branch. Detailed estimates have been made for the distributaries.

The river Byturnee, which furnishes the supply to the 3rd section of the High Level Canal, is subjected to the most violent floods. The catchment basin, measuring 3,100 square miles, appears to be exposed to very heavy storms of rain, and its valley above the village of Amboh, which is situated in a gorge, has been described to be at times completely submerged with water. It is certain that the whole of the drainage of its basin does not find its way by the bed of the Byturnee, but that, headed back by the contraction at the gorge at Amboh, a large volume of the flood escapes over a saddle to the north of that village, and, spreading over the country, crosses the Trunk Road near the village of Barriepore, by the Roboo Nullah, a large drainage stream which ultimately finds its way into the Byturnee again, near its confluence with the estuary of the Brahminee. The Byturnee.

The floods which proceed down the river itself, and which are calculated to amount to 200,000 cubic feet per second, overtop the banks at about 10 to 12 miles above the Trunk Road crossing, and occasion much mischief on the left bank especially. Embankments must therefore be constructed to prevent this overflow down to the point where the river bifurcates below the village of Aquapudda, and where weirs have to be built across the two branches. These weirs I should now propose to build of masonry for only five feet of the full height, and to obtain the rest by means of shutters, either self-acting, or after the model of those lately made at Cuttack, as by so doing both less building materials will be required, and less obstruction offered to the passage of the floods. As there is no stone available near the Byturnee, and as all that is required will probably have to be conveyed from the quarries at the Brahminee, 15 miles distant, it is preferable to adopt a design which will require the least quantity of such material. The original design for this work was a weir with a vertical drop, but I am of opinion it will be better to modify the original plans, as above described.

The 3rd section of the canal will thus be taken off from the left bank of the Byturnee, and also run more or less parallel with the Trunk Road, as far as the next river, the "Salundee," across which, being provided with a similar set of sluices and lock, it will be carried by a weir near the town of Bhuddruck. 3rd Section.

Drainage has to be provided for in this length of canal for an area of about 190 square miles, in addition to the overflow from the Byturnee at Amboh above mentioned. For this purpose, the following aqueducts have been designed:—The first, over the Jummoo Nullah, consisting of 10 arches of 15 feet span; the second, over the Kopali, of 30 arches of 20 feet span; the third, over a branch of the Kopali, with 10 arches of 15 feet; and the fourth, over the Roboo, with 20 arches of 20 feet span. Besides these, a waste weir, 50 feet long, is provided to pass off surplus water near the terminus of the section. The spill water, which finds its way over the saddle at Amboh, spreads over the country, and it is difficult to say by which of the nullahs above mentioned it is discharged, neither is it possible to calculate the exact volume: but, as well as could be judged from the information obtainable on the spot, I reckoned that it must be about 15,000 cubic feet per second. Such a flood, however, never lasts more than 24 hours. The quantity of drainage running off an area of 190 square miles, at the same rate as before allowed for, would amount to 42,170 cubic feet per second, to which, if 15,000 be added, the total volume to be discharged would be 57,170 cubic feet. The waterway provided in the aqueducts above mentioned amounts to 7,000 square feet.

In this section, besides those at the head and terminal locks, six bridges have been provided, one of which only is of masonry, to carry the Trunk Road over the canal; the others are timber bridges, as before described.

The lock at the terminus will have to be provided with an extra pair of gates for keeping out the waters of the Salundee when that river rises above the canal level.

The area contained between the Byturnee and Salundee capable of irrigation is considerable, measuring 250 square miles, or about 145,000 acres of cultivated land. Most of this will have to be supplied, during the season of rice cultivation, by a separate channel led off from the point of bifurcation, and independent of the High Level Canal. The average discharge during the monsoon is superabundant during the cold weather; the volume does not fall below 500 cubic feet per second; but, in the dry months, this is reduced to about 180 cubic feet, and it is often replenished by the heavy storms which prevail in the surrounding hills. The lines for the distribution channels have not been surveyed in detail as yet. It is also at present much exposed to inundation for want of a proper system of embankments, though the existing lines have, within the last two years, been improved.

The Salundee, from which the 4th section of this canal is taken off, is a much smaller river than any of the others previously described, having a catchment basin of only 250 square miles. During the monsoon, *i.e.*, from June till the end of October, it is supplied with more water than the High Level Canal could ever take off. After that month, how- The Salundee.

Appendix, No. 13.

ever, the supply begins to diminish rapidly, and, in the dry months, the canal must be fed from the Byturnee and Brahminee combined.

From the Salundee two lines of canal have been projected,—one to maintain a high level, running on the same rate of inclination, and following the configuration of the ground as far as the town of Balasore, where it will be dropped by a flight of locks into the tidal river below the town; the other to be taken direct towards the coast, till it reaches the tidal river "Metaie," into which it will be dropped by a flight of locks at the village of Rokanaidpore, from whence it is to be carried parallel to the coast as a tidal canal, and be locked up to high spring-tide level.

4th Section.

The upper line which forms the 4th section will have to be carried by an aqueduct over the river Kansbans, which is met with about half way between the Salundee and Balasore. Its catchment basin measures about 220 square miles, and its waters are carried under the Trunk Road by two large bridges, the waterway in which is a gauge of its floods. For the monsoon crop a full supply will be obtainable from the Salundee, but there is not sufficient water to irrigate any cold weather crop. The length of this section is about 58 miles, and the area commanded by this section is about 460 square miles, equal to 230,000 acres, for two-thirds of which irrigation may be provided, or for say 153,000 acres.

The line of this canal has all been surveyed and levelled, but the estimates for the masonry works have not been prepared in detail.

The quantity requisite to supply the evaporation over this length of canal during the hot months will be about 40 cubic feet per second, while the lockage at the rate of 100 locks full per 24 hours will require about 40 cubic feet more, so that allowing half as much more for wasteage, 100 cubic feet per second will be sufficient for this canal for all purposes of navigation. The Brahminee carries about 400 cubic feet, and the Byturnee somewhat under 200 cubic feet per second, so that there is plenty of water to spare for the maintenance of navigation along the whole distance. Supposing, however, that it were found either requisite or desirable to expend that supply in irrigation instead, then the navigation could be maintained during those months by the lower or coast line.

The double line of canals was projected for two reasons,—first, because the coast line running on the lowest level, and requiring no large drainage works, as well from the softer nature of the soil, can be more quickly and economically constructed; and secondly, because on a great line of traffic, such as this is sure to become, it is most desirable that there should be always an alternative line, so as in the event of any accident happening to the one the traffic may yet proceed without intermission along the other. This arrangement is rendered all the more feasible in this scheme from the presence of so many tidal rivers in Orissa; for, when this connecting link to Balasore has been once made, it will be quite possible to close any of the other canals at any time, and yet keep the through communication uninterrupted. The River "Metaie" is, notwithstanding its name, a tidal river of large dimension, navigable for sea-going craft almost up to Rokanaidpore. From its junction with the Brahminee, or rather its estuary, the Dhamra, boats can proceed by open tidal nullahs either across to the Mahanuddy, or to the termini of the Pattamondee and Kendraparah Canals, and thus reach Cuttack. In fact, the coast line, if the existing natural channels are connected by artificial cuts such as that proposed, would form as it were a grand junction canal connecting the ends of all the other canals, and consequently enable the communication from Cuttack to Calcutta to be maintained uninterruptedly.

5th Section
The Subunreeka.

After reaching Balasore, it becomes necessary to look for a new source of supply for the next or 5th section of the High Level Canal. This is found in the Subunreeka, a river which has a catchment basin of 6,000 square miles, a discharge of about 300,000 cubic feet per second in the flood season, and of not less than 380 cubic feet per second during the dry months. After careful examination and survey of the river, it was decided to fix the site of the weir at a spot where about 2,600 feet of width could be obtained, near the village of Totaparra. At this point the spill itself is reduced to a minimum on both banks; while, on the right bank, a laterite quarry exists. Not far from this place and situated about four miles in the jungle are two old forts of very considerable dimensions, the walls of one of which are revetted with blocks of hewn laterite. The fort is deserted, and the ownership, I believe, unknown. At all events the stone could be purchased for a small sum, so that a tramway laid from it to the site of the weir would supply, probably, more stone than will be required for all the canal as well as for the head works. The Subunreeka has a fall varying from 1¼ to 1 foot per mile; its bed consists of very fine sand, and the extreme flood rise is about 20 feet. As during the rains it carries a large body of water, and as its dry weather volume is also very considerable, it is particularly fitted to form a source of supply for the two portions of the High Level Canal to the north and south of it. After both these lines had been carefully surveyed, it was found that the south canal would just skirt the edge of the cultivated land which marks the boundary of the Mohurbunj Tributary Mehal, and fall into the river at Balasore, opposite to the terminus of the canal from Cuttack.

There are only two drainage streams of any magnitude that have to be crossed in this portion. One, the Jammera Nuddee, has a catchment basin of 525 square miles; the other, the Numma Bans Nuddee, drains 92 square miles. The remainder are all of small dimensions.

The area of land commanded by the 5th section amounts to 180 square miles, or about 90,000 culturable acres. Much of this land has been exposed to almost annual inundations, and consequently a good deal of it lies waste, and the population per square mile must be less than most parts of Orissa. But there is a number of large villages scattered along it,

and

and the land itself yields good crops of rice. In the year 1865, however, there was scarcely a blade of grass to be seen throughout the whole tract.

6th Section.

From the left bank of the Subunreeka the 6th section of the canal will have to be taken off in cutting for the first few miles, after which it can follow the requisite level to its junction with the Midnapore Canal near Debra, about 10 miles from Midnapore. The levels do not admit of its being carried to that town itself. In its course it has to cross four large drainage streams, one of which, the Kalleaghye, drains about 300 square miles. As all these drains are spanned by bridges on the Trunk-road, which have been built for many years, the amount of waterway required for the canal aqueducts can, of course, be accurately calculated.

Branch Junction Canal.

At the 17th mile it is proposed to throw off a branch canal, which shall likewise carry water for irrigation, but which will be especially intended to connect the High Level Canal with the tidal navigation at the head of the Russoolpore river.

The total area for which irrigation is provided by this section of the High Level Canal is 200,000 acres. The main crop here is also rice, and hitherto there has been but very little attempt at cultivating cold weather or spring crops. The country is thickly populated, and there are villages of considerable size scattered throughout it. As labour, however, has not been plentiful hitherto on the road works, it is probable higher rates may have to be given. The estimate of this portion was therefore framed somewhat higher than for the other sections. The total amount estimated by the Irrigation Company's officers was 38 lakhs, but this included 5¼ lakhs for establishment, and a nearly equal sum for the head works. The distributaries and sluices are estimated at 4,90,000 rupees more, so that the cost of the canal itself, with contingencies, amounts to about 22,60,000 rupees for 83 miles, or about 27,000 rupees per mile. The cost of the whole scheme, however, even as estimated by the Irrigation Company, would, for 245,000 acres, be at the rate of 15·5 rupees per acre.

7th Section.

The last or 7th section of the High Level Canal is that between the town of Midnapore and the Hooghly, at Ooloobaria. For the first 25 miles of its length it is fed from the River Cossye, across which a weir has been thrown, and the canal led off from the right bank along the ridge which lies between the valley of the Cossye and the feeders of the Kalleaghye. As almost the whole difference of level between the bed of the Cossye at Midnapore and tide water at Ooloobaria has to be overcome in these 25 miles, there are as many as six locks in that distance, the last one of which drops the canal into the branch of the Cossye, which flows past the village of Panchkoorah. This branch is only 330 feet broad, but as the flood level rises three feet above the natural banks, it would have been difficult to pass the river by an aqueduct, and therefore it was determined to build a dam composed partly of masonry and partly of self-acting shutters, by means of which not only could water from the canal be passed across the river, but also the small supply which is available during nearly the whole of the dry season be intercepted and diverted down the next portion of the canal which reaches to the Roopnarain. This reach commands about 50,000 acres, and it was here that lands were first irrigated from the canals, and where probably a considerable extension will hereafter take place. A lock on the left bank will admit boats from the river into this reach, and a lock at the end of it passes them out into the Roopnarain. From thence that river takes up the navigation for about four miles when at the village of Kantapokur, the next reach, only about four miles in length, connects the Roopnarain with the Damoodah by an open cut, and from the Damoodah the terminal section to Oolobbaria completes the navigation to the Hooghly. In this section locks have been built at either end, which maintain the canal to the level of high water, so that boats can navigate it at any time of tide.

The Cossye.

The river Cossye has a catchment basin of 2,600 square miles; its extreme flood discharge amounts to about 143,500 cubic feet per second, while its minimum discharge has not fallen below 190 cubic feet per second. Consequently, for the main crop, which consists almost entirely of rice, there is a superabundant supply, while the minimum discharge is more than sufficient to meet all the requirements of navigation. The locks are so arranged that there shall be a depth of five feet throughout should it ever be necessary to reduce the canal to still water. The dimensions have been fixed at 80 feet width on the water line in cutting, and 120 feet in embankment, with side slopes of two to one, a maximum depth of eight feet, with a fall of four inches per mile, making its discharging capacity equal to 930 cubic feet per second, or sufficient for about 120,000 acres of rice.

There is but little local drainage to provide for, for the first 17 miles. At that distance, however, a low hollow occurs along which the spill water of the Cossye in high freshes passes after crossing the Trunk-road. The best method of disposing of this spill water, which is calculated to be as much as 50,000 cubic feet per second, is to pass it under the canal, and for this purpose an aqueduct of 20 arches of 10 feet span was originally designed. The freshes of last year, which reached a higher point than was ever before known, has shown that it will be necessary to provide additional vent for this water. It is not necessary to provide for the discharge of 50,000 cubic feet per second, as the river only overflows its bank for about 12 hours, and the water does not even now drain off the country under four days, as the fall is so small. To allow the water to pass off at the same rate as at present will require 30 arches of 10 feet, with a velocity of eight feet per second.

Beyond the Cossye in the reach between it and the Roopnarain the great portion of the drainage is taken under the canal near the village of Siddha by a large syphon culvert with self-acting shutters capable of discharging 1,200 cubic feet per second which has to per-

Appendix, No. 13.

form the double duty of keeping out the salt water in the dry months, and discharging the surplus fresh water in the rains. The rest of the drainage runs parallel to the canal, and is carried by the Dainan Khall into the Roopnarain. In the two tidal reaches connecting the Roopnarain with the Hooghly, sluices are provided on the canal banks to admit of the local drainage being passed into it, but it will be better eventually to lead it away from the canal to the nearest outfall.

Seventeen distribution channels, with an aggregate length of about 140 miles, have been designed for this canal, 12 of which irrigate the area between Midnapore and Panchkoorah, and five the land between the latter place and the Roopnarain. The water of the Cossye is held by the cultivators in much esteem for the fertilizing deposit which it carries in large quantities during the rains.

As a line of navigation from its proximity to Calcutta, and by collecting the traffic of the intervening rivers, it becomes the most important of all the sections. There is little doubt but that the receipts from tolls alone will eventually pay the interest on its cost.

Tidal Canal.

This completes the description of the High Level Canal. There remains yet one more work to be mentioned, and that is the Tidal Canal, which commences at Banka, about four miles above the junction of the Roopnarain with the Hooghly, and extends at present to Kalinuggur on the Russoolpore. The first section of this canal was originally a small work belonging to the Government, intended principally for the salt trade. It was merely an open cut, 45 feet wide at the surface, and navigable only at high spring tides. By it boats used to pass into the Huldee, and so up the Cossye to Midnapore, during the rains. When the company projected the Tidal Canal, this section of it was made over to them by the Government. Its dimensions have been increased to 90 feet on the water line, and a lock projected for either end for the purpose of maintaining the canal always full, so that boats may navigate at all times of tide. As long as it remained an open cut, it invariably silted up several feet every year at the place where the tides met, and so cost large sums for clearance. One lock only has as yet been constructed, but the action of this has been beneficial, inasmuch as the tide having only one means of exit, a scour has been created at ebb tides, and thereby the deposit of silt has been considerably reduced.

By continuing the canal from the Huldee to the Russoolpore, a safe communication has been opened from Calcutta to the village of Balliaghai, the principal grain mart of the Hidgellee district. As soon as the southerly winds set in at the beginning of March, the navigation of the Hooghly in the reaches below the Roopnarain becomes dangerous for country craft, so that communication with the districts on its borders may be said to be practically cut off for eight months of the year. The construction of this inland canal at once affords a safe passage to boats, besides shortening the distance by one-half of the river route, or from 60 to 30 miles.

It was originally intended to extend this canal to Balasore; but when the Subunreeka works were projected, and it was found that the canal from that river to Balasore must necessarily run not far from the coast, it seemed better to postpone the continuation of the tidal line. I have little doubt, however, that it will eventually be found desirable, in order to complete the system of alternative lines, and to guard against any possible interruption to the traffic, to finish the coast line as originally contemplated.

When the locks, which are 150 feet long by 20 feet wide, are finished on this canal, so that it can be always kept full to high-water level, it will afford a first-class navigation, 90 feet wide at the surface, and never less than eight feet in depth. There is already a considerable traffic to and from Calcutta to the southern districts; and with the increased facilities which this canal will afford, combined with the trade which its eventual connection with the valley of the Subunreeka will induce, there is every prospect of this portion of the project yielding a good return on the outlay. This completes the system of works projected for the province of Orissa, and they will, when fully carried out, not only protect its main food crop from the risk of perishing from drought, but by furnishing it with cheap means of transit, and by bringing it into communication with other districts, both north and south, and rendering it accessible from the sea-board, give such an impetus to its trade as it has never yet known.

Chapter VI.

Navigation of Upper Mahanuddy.

There is, however, one more side from which it is as yet only partially accessible, and that is from the west. Although the river Mahanuddy is navigable for the greater part of the year, yet from a point 100 miles above Cuttack its bed is so encumbered with rocks as to make navigation at certain stages of the river very perilous. This circumstance, has, however, served to call forth a class of boatmen who, perhaps, are unequalled in skill in managing a boat through such surging rapids as have to be encountered. The boats themselves, one would suppose, were most difficult to manage, where the passages are not only narrow but sometimes tortuous, for they are nearly 100 feet in length, and about six feet broad, with a long entrance and run, and perfectly flat-bottomed and wall-sided. They seldom exceed three feet in depth, and when fully laden draw, at the outside, two feet, generally less. When empty their draft is less than six inches. There are seldom more than four men on board each boat, two of whom stand at the bow with a strong bamboo up-lifted, ready for the emergency. The other two are at the helm, which consists of a long sweep generally out of the water. With one vigorous stroke of this oar they will nearly turn their long boat at right angles to the current, and with another stroke bring it back

back again to its original course. Notwithstanding the difficulties to be encountered, there is a very considerable trade down the river from Sumbulpore and Chutteesghur, of which cotton forms an important item.

Recommended by Chief Commissioner, Central Provinces.

Sir Richard Temple, when Chief Commissioner of the Central Provinces, was urgent for the improvement of this communication, and surveys were made at the outset of the company's operations to ascertain the feasibility of constructing a canal parallel to the river, so as to avoid entirely the rocky obstacles in the bed. For this canal it would be necessary to build a dam across the Mahanuddy as high up as Puddumpore, 30 miles above Sumbulpore, where there is a rocky barrier right across the river. A canal taken from thence would skirt the margin of the river more or less all the way down to Dholepore, and fall into the Mahanuddy again not far above the mountain gorge through which that river flows, and which is known as the Burmool Pass. All the necessary particulars for framing an estimate for this work were collected by Mr. Walker, the present superintending engineer of the Orissa Circle, who is likewise acquainted with nearly the whole basin of the Mahanuddy, having explored every one of its principal tributaries.

Reservoirs on feeders of Mahanuddy.

In connection with this project investigations were made into the possibility of constructing reservoirs on the several feeders of the Mahanuddy, primarily with the view, by a system of storage, to regulate the floods, and moderate their violence in the delta. The examination was carried out very minutely, and resulted in establishing the fact that sites more or less favourable existed on all the tributaries, Tel, Ebe, Husdoo, Jonk, and Tedi Maun. The sites of the two first were surveyed in detail, and estimates framed. The contents of these reservoirs would be 40,000 and 32,000 millions cubic feet respectively, or 72,000 millions combined. If this volume were kept out of the Mahanuddy for 24 hours it would be equivalent to reducing the discharge of that river by 833,333 cubic feet per second, leaving 966,667 cubic feet, or just about what the rivers are calculated to discharge within their natural banks at a distance of 25 miles from the head of the delta. Supposing the reservoirs were constructed, the actual result in practice might possibly not be as above, but the calculation is sufficient to show what an aid such reservoirs would prove in moderating and retarding the floods, to say nothing of the additional supply they would afford to the river in the summer months, thereby improving its navigation over the existing shoals, as well as being available afterwards for distribution through the delta canals.

The reservoir on the Ebe would command a large part of the Sumbulpore district, which is Government territory, and prove very valuable for irrigation. The reservoir on the Tel would be situated in one of the Gurjat or independent Hill States. It also would command a large area for irrigation; but as the population in that part of the country is sparse and poor, little or no revenue could be expected from the neighbourhood; but the water would be very valuable in the delta, to which of course it would be allowed to flow, and by its volume would increase the depth over the intervening shoals in the river, and so, as above stated, improve its capability for being navigated during the summer months.

It is not to be understood from what has been said above that reservoirs are absolutely indispensable for regulating the floods of the Mahanuddy, which I believe can be otherwise effectually dealt with, and which will form the subject of a separate report; but such works have always appeared to me to be a more reasonable way of managing surplus water in a country (where water is more valuable than almost anything else) than the usual method of allowing it to be carried off to the ocean, and so lost for ever. That there are difficulties in the way of constructing works of magnitude in out-of-the-way places must needs be admitted; but it is the business of the engineer to overcome such difficulties, and the longer we abstain from grappling with those difficulties the more formidable will they appear.

Chapter VII.

Probable cost of the scheme.

The extent and purposes of the several portions of the works comprised in the Orissa scheme having been described, it remains to state their probable cost, and to consider the sources from which a return for the past and proposed outlay may be derived.

First, the cost. The following is a statement of all the estimates, as prepared by the company's engineers towards the close of last year, and lately submitted in abstract to the Government of India, and as they have now been revised according to the departmental forms. These include all the works which have hitherto received the sanction of the Bengal Government, and on most of which expenditure has been incurred. For all such, detailed estimates with plans accompany this report:—

Number of Estimate.	NAME OF WORK.	Amount of Original Estimate.	Amount of Revised Estimate.
		Rs.	*Rs.*
B. G. Estimate, No. 75 of 1869–70.	Mahanuddy Head works, consisting of the Anicut, head lock at Jobbra, head sluice to Taldundah Canal, Junction Canal, lock channel, revetment wall, and city protective works.	12,43,800	12,43,800
No. 89 of 1869–70 -	Constructing a weir at Naraje across the Katjooree, and an embankment to connect the Anicut with the city embankments.	4,52,093	4,52,093
„ 78 „ -	Constructing first section of the High Level Canal from the Beropa to the Brahminee, including protective bunds.	11,60,353	11,74,852
„ 88, and Revised Estimate, No. 128 of 1869–70.	Constructing an Anicut across the Beropa, including head locks and head sluices to the Kendraparah and High Level Canals.	3,12,474	3,23,587
„ 129 of 1869–70 -	Constructing distributaries from the first Section of the High Level Canal.	2,91,242	2,86,205
„ 79 „ -	Constructing second section of the High Level Canal from the Brahminee to the Byturnee, including embankments on the Byturnee and Gondonoi.	4,62,563	4,62,421
„ 127 „ -	Constructing distributaries from the second section of the High Level Canal.	{ 1,15,389 / 1,26,591 }	2,00,000
„ 77 „ -	Constructing third section of the High Level Canal from the Byturnee to the Salundee, including river embankments.	7,60,093	7,59,514
„ 127 „ -	Constructing distributaries from the above - - - - -	1,00,000	1,00,000
„ 87 of 1869–70, and Supplementary Estimate, No. 130 of 1869–70.	Constructing the Kendraparah Canal from Cuttack to tide water at Marsaghai.	6,45,820	7,29,406
„ 87 of 1869–70 -	Constructing distributaries therefrom - - - - - -	3,00,000	3,00,000
„ 87 „ -	Constructing Mahanuddy, Noona and Chettertollah river embankments and Satbuttea and Noona Groynes.	17,561	17,561
„ 87 „ -	Constructing an embankment on the right bank of the River Beropa.	41,000	45,100
„ 83 „ -	Constructing anicuts across the Byturnee and its branch the Burrha.	2,24,064	2,24,219
„ 82 „ -	Constructing anicuts across the two branches of the Brahminee -	4,94,691	4,92,042
„ 76 „ -	Constructing the Taldundah Canal, including locks, calingulas, syphons, escapes, and bungalows.	5,85,000	5,85,000
„ 76 „ -	Constructing distributaries therefrom - - - - -	1,60,000	1,60,083
„ 80 „ -	Constructing the Machgong Canal, including locks, calingulas, syphons, escapes, and bungalows.	3,04,000	3,04,484
„ 80 „ -	Constructing distributaries therefrom - - - - -	1,60,000	1,59,516
„ 141 „ -	Constructing Midnapore and Oolabariah section of the High Level Canal, consisting of six ranges.	19,31,528	20,52,293
„ 142 „ -	Constructing distributaries therefrom - - - - -	3,20,000	3,13,300
„ 140 „ -	Constructing ranges 1 and 2 of the Tidal Canal from the Huldee to the Russoolpore.	6,68,190	7,98,385
„ 81 „ -	Constructing permanent workshop buildings at Cuttack - -	75,772	75,772
	TOTAL - - - *Rs.*	1,09,52,224	1,12,09,633

Register of Rainfall at Cuttack.

Years.	For the whole Year.													For the Monsoon Months.					Remarks.
	January.	February.	March.	April.	May.	June.	July.	August.	September.	October.	November.	December.	Total.	June.	July.	August.	September.	Total.	
	Ins.	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	*Ins.*	
1856	·7	·6	·2	·7	3·1	6·0	15·7	12·2	15·6	4·6	3·8	–	63·2	6·0	15·7	12·2	15·6	49·5	
1857	–	–	1·1	·4	·5	9·6	4·9	7·0	12·0	9·1	–	–	44·6	9·6	4·9	7·0	12·0	33·5	Insufficient.
1858	·2	–	·2	·3	4·2	4·0	12·7	8·1	9·6	–	–	–	39·3	4·0	12·7	8·1	9·6	34·4	- ditto.
1859	–	–	–	3·2	–	9·6	4·9	–	3·2	5·5	–	·9	27·3	9·6	4·9	–	3·2	17·7	Drought.
1860	–	–	–	–	1·0	7·2	7·4	15·1	12·5	·7	–	–	43·9	7·2	7·4	15·1	12·5	42·2	Deficient in June and July.
1861	3·0	–	3·6	–	4·0	9·0	8·6	23·3	15·6	4·56	2·57	–	74·23	9·0	8·6	23·3	15·6	56·5	Deficient in June and July, but excessive rain in August.
1862	·8	–	–	–	1·7	10·2	7·9	17·1	12·0	11·0	–	–	60·7	10·2	7·9	17·1	12·0	47·2	Favourable.
1863	–	1·3	·8	1·5	1·6	19·8	20·8	19·6	10·4	2·5	2·5	–	80·8	19·8	20·8	19·6	10·4	70·6	Excessive.
1864	–	1·7	3·0	–	2·0	2·3	10·0	10·8	13·6	5·5	3·9	–	52·8	2·3	10·0	10·8	13·6	36·7	Insufficient.
1865	1·10	2·30	3·60	·70	5·26	10·23	12·23	8·08	7·44	1·47	–	·50	52·91	10·23	12·23	8·08	7·44	37·98	Famine,
1866	·78	1·17	–	4·16	2·30	7·65	8·90	22·00	14·80	11·90	1·85	–	75·51	7·65	8·9	22·00	14·8	53·35	- ditto.
1867	·05	·45	3·15	4·60	5·20	15·30	12·29	16·36	14·46	7·03	·80	–	79·69	15·3	12·29	16·36	14·46	58·41	Favourably distributed.
1868	·25	·25	·30	1·75	7·70	19·60	8·30	7.20	8·15	·90	–	–	54·40	19·6	8·3	7·2	8·15	43·25	Unfavourable, and drought in October.
1869	·35	1·42	3·90	1·00	1·45	6·01	14·45	8·28	8·07	8·47	–	–	53·40	6·01	14·45	8·28	8·07	36·81	Ditto in June, August, and September.
													802·74					608·90	
Average during 14 Years													57·33					43·50	

Appendix, No. 13.

But of the works which have been described in this report, the following are not included in that statement. Some of these have been estimated for in detail, others, such as Nos. 4, 5, and 6, only approximately, at the rates at which similar portions of the work have already been constructed, and they are therefore probably not far out:—

	Rs.
1. Pooree Series originally estimated	6,00,000
2. Head Works across the Katjooree	5,71,608
3. Distributaries to 2,50,000 acres at 2 rupees	5,00,000
4. Section No. 4 of High Level Canal from the Salundee to Balasore, 58 miles, at 22,000 rupees per mile	12,76,000
5. Distributaries therefrom to 1,53,000 at 2 rupees	3,06,000
6. Alternative line to the coast from the Salundee to the Metaie, 12 miles, with five Locks	2,70,000
7. Coast line from the Metaie to Balasore, 40 miles, and four Locks	6,50,000
8. Sections 5 and 6, comprising the Subunreeka Series	34,50,000
TOTAL *Rs.*	76,23,608

The cost of the Subunreeka Series has been set down, according to the detailed estimate framed by the Company's engineers, less the sum of 3,50,000 rupees for permanent establishment, as that is an item which is not usually entered in departmental estimates.

	Rs.
The above sum of 76,23,608 rupees, when added to the estimate for the works already in progress, and which, according to the statement, amounts to 1,12,09,633 rupees, will make the estimate for the actual works of the whole scheme, exclusive of those projected for the Upper Mahanuddy Series, which are not essentially an integral portion of the Delta Project	1,88,33,241
To that sum, however, will have to be added the following amount:—	
For establishments, tools, plant, and contingencies under the Company's management, as previously shown in the statement submitted to the Government of India	39,50,471
Also, the difference between the sums expended in India and that paid by the Secretary of State to the Irrigation Company in England, which, inclusive of the bonus of 50,000 *l.*, appears by the deed of transfer to have been *Rs.* 1,04,00,500	
Deduct expended 87,63,076	16,37,424
Establishment from January to August 1869	1,55,593
Value of land paid by Government, as per Controller's books, to end of August 1869	4,87,249
which will make the aggregate cost	2,50,63,978
There must, however, be further added to that sum, the cost of the establishments required for the supervision of the works remaining to be done. This, if assumed at 20 per cent. on the balance of the estimates above enumerated, will be as shown below.*	26,50,000
Making the aggregate cost, inclusive of interest on capital to 31st December 1868, say rupees 277½ lakhs *Rs.*	2,77,13,978

The balance of 1,32,48,521 rupees of the aggregate estimate for the actual works will, if the present outlay only, viz., 12 lakhs per annum, be allowed to continue, be spread over a further period of 11 years. Whether it will be desirable to protract the construction of the works over that length of time or not, is a question for the Government to determine. My own opinion is that it will prove advantageous to the State to have the works completed more rapidly.

CHAPTER VIII.

Sources of Income.

The direct sources of income which may be derived by Government from the works comprised in the Orissa Scheme are:—

1. Water rates from Irrigation.
2. Tolls from Navigation.
3. Increased Custom Dues.

4. Rents

* *Viz.*:—

	Rs.
Total estimate	1,88,33,241
Expenditure in terms of estimate to August last	55,84,720
Balance	1,32,48,521
Twenty per cent. on which will be in round numbers	26,50,000

4. Rents from waste lands, which may be brought into cultivation

5. Enhanced Land Revenue from the increased value of the land and produce at the next settlement.

6. Miscellaneous, such as Plantations, Fisheries, Mill Rents, &c.

The indirect returns are such as inevitably follow an increased circulation of bullion consequent on extended commercial transactions, and though they cannot be precisely calculated and separated from the general revenues, yet their contribution to the finances of the State is nevertheless very apparent.

From Irrigation.

The first and the principal source of income will be that from irrigation. The areas for which water is supplied by the respective canals which have been enumerated are as follows:—

	Acres.
Pooree District	250,000
Taldunda Canal and Branch to Machgong	155,000
Kendrapara Canal and Branches	270,000
High Level Canal, Section I.	89,000
Ditto ditto Section II.	30,000
Intermediate Tract from ditto	100,000
High Level Canal, Section III.	100,000
Ditto ditto Section IV.	153,000
Ditto ditto Sections V. and VI., Soobunreeka Series	290,000
Ditto ditto Section VII., Midnapore ditto	170,000
TOTAL	1,607,000

The acreage is calculated at two-thirds of the cultivated, or one-half the gross area, commanded by each series of canals.

The actual proportion of the whole area cultivated with rice crops is much greater; but to assume the above proportion is to keep well within the mark, and in a rice-growing country within the probable area which will eventually be irrigated regularly.

The price which is now being charged and paid for water is *Rs.* 2. 8. per acre per annum, far below its actual value for even a single crop of rice, considering the enhanced price to which all food grains have advanced during the last eight years.

No account or credit is taken in the above acreage for any land cultivated with dry or spring crops; but seeing that the aggregate cold weather volume in all the rivers amounts to 5,660 cubic feet per second, and allowing only 100 acres per cubic foot, there would be an addition of 500,000 acres to the above-mentioned area. As far as my own experience and observation goes, I doubt if more than one-fourth of the area in an essentially rice-growing country is ever covered with a second crop. I do not mean of rice only, but of any other cereal.

Where, however, broad cast rice is largely cultivated, a second crop is always raised off the same ground, and there are of course localities where cotton, maize, oil-seeds, sugar-cane, tobacco, chillies, gram, and such like are sown, and on which rice is not cultivated at all. It is quite within the limits of probability that this area will eventually be found equal to one-fourth of the monsoon cultivated area, especially as the value of all such grain has doubled within the last 10 years, and therefore the value of water supplied to that area may be legitimately looked for as an additional source of revenue eventually; for the present, it is proposed to levy only a rate of *Rs.* 2. 8. per acre per annum, independent of what description or what number of crops are raised off the same ground; but in time, as irrigation becomes more general, and the cultivators have acquired confidence, discriminating rates for such crops as sugar-cane, plantains, and others which require water throughout the 12 months, may with propriety and justice be introduced.

Taking, however, only the area first mentioned, viz., 1,600,000 acres, and the rate of *Rs.* 2. 8. at present paid, the eventual revenue to be derived from irrigation may be assumed at 40 lakhs. As the whole scheme was originally based by myself on securing the main rice crop of the province grown during the monsoon, I will take no account of the cold weather cultivation; any revenue which that may yield hereafter will, of course, be so much additional gain.

From Navigation.

The next source of revenue is that to be derived from navigation. In the Delta schemes of Southern India the revenue from this source was always disregarded, as it was considered that the income realised from irrigation sufficiently reimbursed the State, and that all the advantage afforded by cheap water transit might be reaped by the people of the district. It was, however, afterwards determined to levy navigation dues. As there are undoubtedly many objections to levying a tax on goods in transit, it was considered preferable to make every boat take out an annual license for permission to ply on the canals.

Such a measure was feasible where, from the waterways being connected with only two rivers, one of which, the Kistna, is navigable to only a very limited extent, no boats other than those which plied on those rivers could enter the canals, but in a scheme like that of Orissa, which when completed will bring the province into communication with the vast system of navigation throughout Bengal, the plan of "licenses" is not adapted, and I question if it would be practicable; moreover, the levying of tolls is well understood throughout Bengal, though it is novel to the immediate neighbourhood of Cuttack, and therefore I am of opinion it will be better to adhere to the existing practice of levying

Appendix, No. 13.

tolls. The extent to which navigation will be developed, though not possible to be foretold with any exactness, can yet be approximately estimated. The very interesting memorandum lately written by Colonel Anderson shows how great a traffic has sprung up on the Godavery and Kistna Canals, which at present collect mainly the traffic of their own deltas. There will certainly be a much larger traffic on the canals in the Orissa scheme, as the rivers from the Mahanuddy northwards are all largely navigated already, and the very fact of the canals being brought into connection with the city of Calcutta and with the river system of Bengal, will at once be followed by the traders on those rivers finding their way to Orissa.

From Colonel Anderson's memorandum it appears that the traffic in the Eastern Delta canals, measuring 108 miles, which lead to the port of Cocanada amounted for the year 1867 to 10,192 boats laden and empty, and was equivalent to 4,666,833 tons through one mile. The tolls on that traffic would, at the rate of 2 pie per ton per mile, now paid along the Orissa canals, amount to 48,613 rupees, or about 450 rupees per mile per annum. The traffic along the Cocanada Canal, alone 32 miles in length, amounts to 2,669,645 tons through one mile, which at the same rate of toll would give a revenue of 27,810 rupees, equivalent to 870 rupees per mile per annum. It is estimated that 3,000 passengers also pass on each mile of that canal during the year. These, at the rate of ¼ of a pie per mile, would give 47 rupees per annum, and make the total earnings of the Cocanada Canal for the year 917 rupees per mile.

From Goods.

In estimating the amount of traffic along the Cuttack and Pooree canals, that which takes place in the Eastern Delta of the Godavery may be taken as a guide, as a similar trade to the port is certain to arise.

The length of the canals in Cuttack and Pooree will be about 200 miles. The tolls on them, therefore, at 450 rupees per mile, will amount to 90,000 rupees. But for the High Level Canal, which will intercept the traffic which is now conducted in all the intermediate rivers, as well as that which comes by land from the interior, and is conveyed to the Calcutta market, and of which live cattle forms a large item, I think 200,000 tons per annum cannot but be considered as a moderate estimate. For articles which may be carried a long distance a toll of 1 pie per ton per mile will probably be found to be the limit chargeable. The revenue therefrom would, therefore, yield at the rate of 1,040 rupees per mile about 2,60,000 rupees. For the local traffic in the neighbourhood of Calcutta, such as now travels short distances, the higher toll of 2 pies per ton per mile will continue to be paid as at present, and when those portions of the canals are complete they will probably yield a revenue of about 1,00,000 rupees.

From Passengers.

The passengers travelling by the canals in the Godavery and Kistna Delta are stated by Colonel Anderson to have amounted to about 17,555,480 through one mile during the year, the aggregate length of the canals being 491 miles. This gives about 100 passengers per mile per day, or 36,500 per annum, which at the rate of ¼ of a pie per head per mile ould yield a revenue of 47 rupees per mile. The traffic on the Orissa canals will obably considerably exceed that rate, both on account of the crowds of pilgrims who flock Juggernauth, and the proximity to Calcutta, to and from which there is of course a conant stream of travellers. It is estimated that 100,000 pilgrims at least traverse the Trunkad yearly to Juggernauth. This item alone would give 550 passengers per day coming d going.

I think that 200 travellers per mile per day in addition, or 750 per day, will be within the ark. This number would at the same rate of toll yield a revenue of 370 rupees per mile, on 300 miles, the distance from Calcutta to Pooree, 1,11,000 rupees. The probable ceipts from passenger tolls over the whole 530 miles may be assumed then at 1,00,000 pees.

Adding these sums together the revenue from navigation will probably amount to—

	Rs.
Cuttack and Pooree Canals	90,000
High Level Canal	2,60,000
Midnapore and Tidal	1,00,000
From passengers over the whole of the Canals	1,00,000
TOTAL per Annum Rs.	5,50,000

From Customs Dues.

The third source of revenue, viz., customs dues, is one regarding which there can be little uncertainty. Up to this time the export and import trade can scarcely be said to have had any existence. No custom house was established at False Point till 1860-61, and therefore no returns previous to that time are available.

	1860-61.	1861-62.	1862-63.	1863-64.	1864-65.	1865-66.	1866-67.
	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.	Rs.
Imports	-	-	-	3,30,939	9,318	15,500	18,48,601
Exports	67,506	2,46,568	1,78,021	1,80,942	2,56,346	82,253	—

The

The above is the invoice value of the articles imported and exported. Of the former, the imports in 1863-64 consisted almost entirely of machinery for the Irrigation Company's works, and in 1866-67, of the rice imported during the famine. Appendix, No. 13.

The exports consist almost entirely of rice, seeds, and hides, but, as will be observed, they are exceedingly trifling, the largest quantity exported, and which took place in 1864-65, not exceeding 3,000 tons. I remember when the value of the annual exports of the Godavery district were under 4 lakhs of rupees; I believe they have now reached 70 lakhs. I know of no reason why the trade of Orissa should not similarly increase, and the customs dues form an important item in its revenue. What the amount may reach it is of course not possible now to determine, but, at a moderate estimate, it may be taken at 1,00,000 rupees.

The fourth source of income will be rents from waste lands which may be brought under cultivation. From Waste Lands.

Of such lands there are in the Pergunnahs within the Delta—

	Jungle Waste.	Culturable Waste.	Total.
In Pooree	33,500	34,039	67,539
„ Cuttack	35,300	45,977	81,277
„ Balasore	60,800	53,855	114,655
Total	129,600	133,871	263,471

Of the above land possibly 200,000 acres may be brought under cultivation, and if only one rupee per acre be credited, the result due to the works will be an income of 2,00,000 rupees from this source.

The fifth source of revenue is the enhanced land rent that may be levied at the renewal of the settlement, consequent on the increased value of the land, and equalization of prices throughout the province, owing to the means of cheap transit, and system of inter-communications. From enhanced Land Revenue.

The average assessment per acre of the various qualities of land in the three districts now is as follows:—

	Sarud Rice.	Dalwa Rice.	Two Crop Land.	Sugar-cane.	Culturable Waste.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Pooree	1 9 –	– 12 9	1 13 –	4 15 –	– 10 1
Cuttack	3 15 2	1 3 1	3 3 4	5 4 2	– 8 –
Balasore	1 8 6	2 11 1	2 2 7	6 4 5	– 9 10

The average revenue of the whole of the cultivated lands paid to Government is—

	Cultivated Acreage.	Rs.	Per Acre.	Culturable Acreage.	Rs.	Per Acre.
		Rs.	Rs. a. p.		Rs.	Rs. a. p.
Pooree	308,614	4,57,446	1 7 10	34,039	21,274	– 10 1
Cuttack	561,833	6,78,862	1 3 4	45,977	22,988	– 8 –
Balasore	463,816	2,72,400	– 9 7	53,855	33,678	– 9 10
Total	1,336,663	14,08,708		133,871	77,940	

Appendix, No. 13.

How greatly the prices of all kinds of food grain have increased within the last eight years will be seen from the following Table:—

ARTICLE.	POOREE.			CUTTACK.			BALASORE.		
	Average production per Acre.	Value in		Average production per Acre.	Value in		Average production per Acre.	Value in	
		1860.	1867.		1865.	1867.		1860.	1867.
	Maunds.	*Rs. a. p.*	*Rs. a. p.*	*Maunds.*	*Rs. a. p.*	*Rs. a. p.*	*Maunds.*	*Rs. a. p.*	*Rs. a. p.*
1. Paddy, Dalwá	22	11 6 9	35 10 3	25	12 – 6	37 12 –	21	8 3 –	25 4 2
Sarud	13	6 12 –	21 1 9	19	9 2 4	28 11 2	18	7 – 4	21 10 5
Beallee	10	5 3 1	16 2 9	13	6 4 –	19 10 2	13	5 1 2	15 10 3
2. Kullie	4	8 3 4	13 8 9	6	7 – 11	23 11 6	6	11 – 6	20 13 10
3. Moong	2½	5 8 11	10 8 4	3½	6 5 10	12 4 10	4	11 6 10	16 6 6
4. Urhur	2½	8 – –	11 – 9	3½	7 9 4	13 4 –	—	–	–
5. Kooltee	4	3 7 11	10 15 9	7	5 8 8	17 11 6	3	4 – 3	8 14 2
6. Wheats	2½	6 4 9	11 4 3	3½	7 5 10	15 10 3	2½	8 1 9	13 10 6
7. Goor	12	71 1 8	101 1 9	14	67 3 2	104 2 –	14	62 3 6	140 – –
8. Cotton	2	– –	16 – –	4	20 12 –	30 8 –	—	–	–
9. Tobacco	Bundles. 1,100	38 5 3	42 7 10	Bundles. 1,500	39 4 6	75 – –	—	–	–

With this great increase in the value of produce, and with the increased quantity, which will be raised off an acre by means of irrigation, it is evident that the enhanced revenue for which the Government may well look by the time the period of the next settlement arrives will, probably, not be less than 33 per cent. on that which is now paid in the three districts, amounting, as above shown, to a little short of 15 lakhs of rupees, so that the income derivable from this source, will probably be about 5,00,000 rupees.

The quantity of land above shown is only that subjected to assessment. To that has to be added the lakhraj and jagheer, which amount in—

	Acres.
Pooree	72,611
Cuttack	122,900
Balasore	115,650
TOTAL	311,161

as also about 200,000 acres of redeemable waste, or 511,060 acres, making a total in Orissa of 1,981,594 acres. Of the 1,600,000 acres for which water is provided by the canals, 370,000 belongs to the Burdwan Commissionership in the Midnapore and Hoogly districts, leaving 1,230,000 as the irrigable area in Orissa Proper, that is, between the Chilka Lake and the River Soobunreekha.

The above-mentioned statistics of land, and prices have been given for Orissa only, as obtained from recent investigations. I have been unable to procure similar particulars for the districts comprised within the Burdwan Commissionership.

From Miscellaneous.

The item of miscellaneous revenue can at present only be conjectured. Inquiries have already been made relative to the sale of water to saw-mills, as also regarding fisheries, while along the Midnapore canals plantations of mulberry are likely to prove a considerable source of revenue. A sum of 50,000 rupees may safely be taken for this item.

Capital cost of works per acre.

The above-mentioned gross expenditure of 277¼ lakhs distributed over the whole irrigable area will give a capital cost of 17·32 rupees per acre, of which about 32 lakhs, or two rupees acre may be taken as the proportion due to navigation, leaving the capital cost for irrigation, &c., somewhat under 15·32 rupees per acre. This sum is considerably more than the works in Madras have cost, and which have not, I believe, exceeded 8 rupees per acre, but less than is estimated for the Soane and Damoodah, and about the same as for the Gunduck Project. I am unable to account altogether for the difference between the cost of the Orissa and Godavery works, unless it is that within the last 10 years the value of money has fallen so much. The canals in Orissa are certainly on a larger scale, especially as regards the navigation, but the requirements to be provided for are, as has been before shown, greater than those in the Godavery. The amount of drainage that has to be passed in the shape of large rivers is also much greater; but, as before observed, this circumstance is

is not without a compensating advantage. The individual works may have been more expensively designed in some instances, and the rate of wages has been higher, especally at the Calcutta end of the works; but, on the whole, I think neither much superfluous labour nor material has been expended hitherto, and I believe the estimates for the remaining work represent adequately the probable further expenditure necessary to carry the whole scheme, as above described, to completion.

Gross Income from all sources.

The indirect sources of revenue, which the general increase of prosperity will create, it is of course impossible to estimate; but without taking these into consideration, and collecting that which may be realised from the six direct sources, the eventual gross income may be assumed as follows:—

	Rs.
From Irrigation to 1,600,000 acres, at *Rs.* 2. 8. - -	40,00,000
„ Navigation over 530 miles of Canal - - -	5,50,000
„ Custom Dues on Exports and Imports - -	1,00,000
„ Waste Lands and Rent - - - - -	2,00,000
„ Enhanced Land Revenue - - - - -	5,00,000
„ Miscellaneous - - - - - - -	50,000
TOTAL - - - *Rs.*	54,00,000

From this Sum will have to be deducted the cost of repairs and maintenance. The former may be taken at 2 per cent. on the whole capital cost, and the latter at 4 annas per acre. Assuming then that by the time the works are fully completed, the entire cost, inclusive of every item, as before explained, reaches the sum of 2,77,25,000 rupees, and that 1,600,000 acres are irrigated for the sum, the deductions to be made will be 5,54,500 for repairs, and 4,00,000 for maintenance, establishment, and so forth, or a total of 9,54,500 rupees, which would leave 44,45,500 rupees as net revenue, or about 16 per cent; or, if the item of enhanced land revenue be omitted, 14 per cent. on the gross expenditure. If the water-rate be raised, as will doubtless be the case after a few years, and if a distinct rate be levied for cold weather crops, then the returns will of course be proportionately higher.

F. H. Rundall, Colonel R.E.,
Chief Engineer, Bengal,
Irrigation Branch.

Calcutta, 20 November 1869.

No. 2.

PARTICULARS regarding the EAST INDIA IRRIGATION and CANAL COMPANY.

	£.	s.	d.	£.	s.	d.
Capital paid up at date of surrender - - - - - -				942,905	8	7
Sums advanced by Secretary of State on loan - - - -				152,000	–	–
Sums paid to Company for their Orissa Works -	990,050	8	7			
Ditto - - - Behar Undertaking - -	14,000	–	–	1,054,050	8	7
Compensation to Officers - - - - -	50,000	–	–			

Act of Incorporation of East India Irrigation and Canal Company, 1861.
Contract with Secretary of State to construct Works in Orissa, 28th December 1861.
Commencement of advances on loan, 1867.
Surrender of Works, 19th May 1869.

At the commencement of 1868, the Secretary of State offered to assist the Company with a loan not exceeding 500,000 *l.*, including the sums already advanced to them; the loan was to bear interest at 5 per cent., and whenever the amount advanced, with accumulated interest thereon, reached 100,000 *l.*, the Company were to give their debentures, bearing interest, payable half-yearly, at 5 per cent., and repayable in six years; in default of payment of interest for six months, or of repayment of each debenture when due, the Government were to have power to take possession of the Company's works, paying to them the amount of their paid up capital. These terms not being approved by the Company, negotiations for the loan were suspended, but they were speedily followed by negotiations for the purchase of the Company's works by the Government of India.

The shares of the Company, 20 *l.* each, with 16 *l.* 10 *s.* paid, were quoted at 4 to 3 discount in July 1867, just before arrival of Despatch from India, recommending the purchase of the Company's works by the Government; but in December 1868, when fully paid up, they were quoted at par to 2 preminm.

The Directors were,
James Thomson, Esq., Chairman.
Field Marshal Sir George Pollock.
Honourable Arthur Kinnaird.
Colonel Grimes.
Colonel Onslow.

Appendix, No. 14.

PAPERS furnished by Mr. *T. L. Seccombe*, C.B.

STATEMENT showing the Proportion of the REGISTERED DEBT of *India*, as held by Europeans and Natives respectively, prepared on the basis of the Interest paid on each Loan at all the Treasuries throughout *India*, during the Half-years ending 31st December 1868, 31st December 1869, and 31st December 1870, as shown in the Statements furnished by the Bank of Bengal.

	31st December 1868.			31st December 1869.			31st December 1870.		
	Europeans.	Natives.	TOTAL.	Europeans.	Natives.	TOTAL.	Europeans.	Natives.	TOTAL.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Calcutta - - - - - -	16,128,490	5,460,970	21,589,460	17,648,673	5,558,989	23,207,662	17,011,490	5,645,197	22,656,687
Bombay - - - - - -	3,156,600	2,073,150	5,229,750	3,404,761	1,705,540	5,110,301	3,526,769	1,897,553	5,424,322
Madras - - - - - -	5,414,400	390,890	5,805,290	5,121,878	479,629	5,601,507	5,121,878	479,629	5,601,507
Mofussil - - - - - -	1,077,960	3,817,320	4,895,280	1,334,114	3,988,963	5,323,077	679,516	2,169,263	2,848,779
TOTAL - - £.	25,777,450	11,742,330	37,519,780	27,509,426	11,733,121	39,242,547	26,339,653	10,191,642	36,531,295
*The above proportion of notes actually presented for interest, if applied to the balance of notes not presented, shows the relative proportion of Europeans and Natives to be -	6,564,960	2,990,520	* 9,555,480	6,781,234	2,892,293	* 9,673,527	8,143,359	3,150,922	*11,294,281
Amount of enfaced Notes held in London - - - - -	15,751,940	- -	15,751,940	16,086,860	- -	16,086,860	18,051,550	- -	18,051,550
AMOUNT of DEBT - £.	48,094,350	14,732,850	62,827,200	50,377,520	14,625,414	65,002,934	52,534,562	13,342,564	65,877,126

* As at the date of the return made by the Bank of Bengal notes to the amounts marked * had not been presented for interest, the authorities at the Bank of Bengal assumed that the proportions of those notes, held by Europeans and Natives respectively, were the same as those in respect of which the interest had been drawn.

STATEMENT of the Amount of the Indian Government Rupee Promissory Note and Debenture Loans held in *England* by Europeans and Natives of *India* respectively, on the 31st December 1868, the 31st December 1869, and the 31st December 1870.

	31st December 1868.			31st December 1869.			31st December 1870.		
	Europeans.	Natives.	TOTAL.	Europeans.	Natives.	TOTAL.	Europeans.	Natives.	TOTAL.
	£.	£.	£.	£.	£.	£.	£.	£.	£.
Bank of England* - -	15,050,420	108,090	15,158,510	15,617,790	196,600	15,814,390	17,474,510	340,280	17,814,790

* The above totals do not agree with those shown in the returns of the Bank of Bengal, as this Statement gives the amount for which interest had been claimed at the Bank of England, whereas those prepared by the Bank of Bengal represented the amount of the notes which had been enfaced for payment of interest by bills to be drawn in London.

STATEMENT of India 5 per Cent. Stock, India 4 per Cent. Stock, and Debt of the India 4 per Cent. Transfer Loan, standing in the Names of EUROPEANS and NATIVES of *India* respectively, on the 31st December 1868, the 31st December 1869, and the 31st December 1870, in the Books of the Governor and Company of the Bank of England, and in the Books of the Bank of Ireland.

	Bank of England.		Bank of Ireland.		Total.
	Europeans.	Natives.	Europeans.	Natives.	
India £. 5 per Cent. Stock:	£. s. d.		£. s. d.		£. s. d.
31 December 1868 - -	16,544,815 9 6	None -	555,184 10 6	None -	17,100,000 - -
31 December 1869 - -	16,643,572 - 4	„ -	556,427 19 8	„ -	17,200,000 - -
31 December 1870 - -	16,673,599 4 8	„ -	526,400 15 4	„ -	17,200,000 - -
India £. 4 per Cent. Stock:					
31 December 1868 - -	4,406,823 15 1	„ -	193,176 4 11	„ -	4,600,000 - -
31 December 1869 - -	7,098,825 15 3	„ -	501,174 4 9	„ -	7,600,000 - -
31 December 1870 - -	10,279,684 11 7	„ -	720,315 8 5	„ -	11,000,000 - -
India £. 4 per Cent. Transfer Loan:					
31 December 1868 - -	1,564,575 14 5	„ -	- - -	„ -	1,564,575 14 5
31 December 1869 - -	1,467,339 3 8	„ -	- - -	„ -	1,467,339 3 8
31 December 1870 - -	1,411,492 6 1	„ -	- - -	„ -	1,411,492 6 1

India Office,
26 July 1871.

T. L. Seccombe,
Financial Secretary.

Appendix, No. 15.

App. No. 15.

STATEMENT of the ESTIMATED and ACTUAL REVENUE from OPIUM, in each Year, from 1860-61 to 1869-70, inclusive.

		Gross Receipts.	Refunds.	Receipts after Deducting Refunds.	Charges.	Net Receipts.
		£.	£.	£.	£.	£.
1860-61	Sketch Estimate	5,478,900	—	- -	1,335,000	4,143,900
	Actual	6,676,759	—	6,676,759	918,467	5,758,292
1861-62	Regular Estimate	6,219,500	—	- -	2,050,000	4,169,500
	Actual	6,359,269	—	6,359,269	1,449,465	4,909,804
1862-63	Budget Estimate	6,300,000	—	- -	2,100,000	4,200,000
	Actual	8,055,476	—	8,055,476	1,856,278	6,199,198
1863-64	Budget Estimate	8,000,000	—	- -	2,003,500	5,996,500
	Actual	6,831,999	—	6,831,999	2,306,493	4,525,506
1864-65	Budget Estimate	8,200,000	—	- -	2,254,161	5,945,839
	Actual	7,361,405	39	7,361,366	2,376,981	4,984,385
1865-66	Budget Estimate	7,723,600	—	- -	1,954,800	5,768,800
	Actual	8,518,264	12	8,518,252	1,894,270	6,623,982
1866-67	Budget Estimate	8,509,000	—	- -	1,762,940	6,737,060
	Actual (11 Months)	6,803,413	5	6,803,408	1,077,330	5,726,078
1867-68	Budget Estimate	7,713,750	—	- -	1,679,972	6,033,778
	Actual	8,923,568	32	8,923,536	1,874,121	7,049,415
1868-69	Budget Estimate	8,385,800	—	- -	1,907,780	6,478,020
	Actual	8,453,365	39	8,453,326	1,720,111	6,733,215
1869-70	Budget Estimate	8,286,540	—	- -	1,724,330	6,562,210
	Actual	7,953,098	28	7,953,070	1,820,683	6,132,387

India Office,
29 May 1871.

T. L. Seccombe,
Financial Secretary.

pendix, No. 16.

PAPERS handed in by Sir *James Elphinstone*, M.P., 4 July 1871.

MEMORANDUM of ARTICLES composing a SOLDIER'S RATION per Day; and, STATEMENT of the Average COST of EUROPEAN RATIONS, from 1857 to 1869 inclusive.

MEMORANDUM of ARTICLES composing a SOLDIER'S RATION per Day.

ARTICLES.	QUANTITY.	ARTICLES.	QUANTITY.
Bread	1 lb.	Sugar	2½ oz.
Beef or Mutton	1 lb.	Salt	1 oz.
Rice	4 oz.	Mixed Vegetables	8 oz.
Tea	⅝ oz.	Potatoes	8 oz.
Coffee	1⅜ oz.	Firewood	3 lbs.

N.B.—Salt provisions in lieu of fresh beef are issued twice a month in Burmah, at 1 lb. per man per day, at 5 annas per lb. Preserved potatoes, in lieu of vegetables, are also issued at 4 oz. per man per day, at 8 annas per lb.

E. G. Miller, Colonel,
Commissary General.

STATEMENT of the AVERAGE COST of RATIONS per Man per Month in the Presidency of Madras.

STATIONS.	1857.	1859.	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.
	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.	Rs. a. p.
Bangalore	5 2 1	6 5 4	7 7 7	8 8 –	7 1 10	8 9 2	10 12 9	9 5 1	11 9 10	11 5 6	9 3 9	8 13 3
Bellary	5 9 5	8 9 2	7 6 8	8 5 8	7 8 1	9 – 8	12 1 10	11 2 –	13 4 6	11 1 4	8 3 3	7 – 10
Cannanore	7 – –	6 15 8	7 6 9	7 15 6	8 12 1	9 11 9	10 4 5	12 13 7	13 6 9	13 9 7	11 5 1	11 1 9
Calicut	7 6 1	7 5 1	7 12 9	8 11 9	8 15 6	9 14 2	10 15 5	11 4 3	12 14 8	12 7 8	12 3 7	11 6 8
Mallapooram	7 2 6	7 12 9	8 7 8	9 3 9	9 – 10	9 8 9	10 4 11	13 4 4	13 7 2	12 8 2	12 13 3	11 15 7
Kamptee	4 15 5	6 – 2	6 – 3	8 – 2	8 – 5	8 12 3	10 4 7	10 15 6	12 9 3	10 14 3	9 1 5	11 13 10
Seetabuldee	4 15 1	5 15 5	– –	8 2 –	8 2 –	9 10 4	11 2 5	14 12 10	13 2 9	11 12 3	10 3 2	12 11 8
Madras	9 1 3	8 1 9	7 13 11	9 3 3	8 7 4	10 1 6	11 4 –	9 13 3	12 7 7	11 5 8	10 11 5	10 3 5
Masulipatam, Vizagapatam	8 4 8	10 15 –	10 6 2	10 – 8	8 15 –	9 2 10	10 6 8	9 12 –	12 1 9	13 14 6	11 3 9	13 11 5
Secunderabad	5 7 2	6 3 8	5 14 1	6 1 10	9 8 7	8 5 4	8 10 3	11 5 1	11 – 8	11 12 2	7 11 8	9 6 2
Trichinopoly	8 2 3	9 11 –	9 12 6	10 1 3	9 5 6	9 7 5	13 4 11	11 14 4	12 13 8	12 1 8	12 2 8	10 15 6
Wellington	9 11 5	13 11 3	11 1 5	11 3 8	10 4 1	11 2 6	12 6 4	10 14 7	11 9 6	12 9 9	12 9 –	12 8 5
Rangoon	16 8 11	18 3 1	– –	– –	10 10 1	10 15 4	11 5 10	11 5 1	– –	16 8 10	13 10 8	14 8 8
Thyetmew	10 15 10	11 9 11	11 7 9	– –	11 – –	10 10 9	9 7 3	10 9 3	17 5 5	12 1 –	13 8 4	13 6 8
Tonghoo	16 6 11	16 3 2	13 8 5	– –	13 10 10	15 3 3	13 11 10	14 5 7	17 13 2	13 – 5	15 5 7	18 1 1
TOTAL	126 13 –	143 10 11	114 9 11	105 9 6	139 6 2	150 3 9	166 7 5	170 8 9	185 11 6	187 – 9	170 – 7	177 13 1
Average cost of Rations per man per month	8 7 3	9 9 3	8 3 –	8 12 9¾	9 5 –	10 – 3	11 1 7	11 5 11	12 6 1	12 7 6	11 5 4	11 13 8
Regulated rate of Rations per month	6 5 4	6 5 4	6 5 4	6 5 4	6 5 4	6 5 4	6 5 4	6 5 4	6 5 4	6 5 4	6 5 4	6 5 4
Difference in Excess	2 1 11	3 3 11	1 13 8	2 7 5¾	2 15 8	3 10 15	4 12 3	5 – 7	6 – 9	6 2 2	5 – –	5 8 4
The average Increase for these 12 Years												4 1 1¾

Commissary General's Office, Madras, February 1870.

E. G. Miller, Colonel,
Commissary General.

STATEMENT of the Cost of Coffee, Chenna, and

STATIONS.	COFFEE, Pounds, per Rupee.										CHENNA,				
	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.	1860.	1861.	1862.	1863.	1864.
	Lbs. oz.	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*
Bangalore	4 11	4 5	3 5	3 9	3 9	3 12	3 10	3 10	5 1¼	5 3	41 14	47 14 11/16	50 8	51 12	[illegible]
Bellary	3 2	3 2	3 2	3 1	3 4	3 4	3 8	3 9	4 4	4 9	55 0	54 0	55 0	48 – / 22 12	[illegible]
Cannanore	4 7	4 8	3 8	3 2	3 8	3 12	3 12	3 8	3 8	4 10	32 0	31 9	33 1	35 10	[illegible]
Calicut	3 7	3 8	3 8	3 4	3 6	3 5	3 1	3 1	3 2	3 3	25 0	25 8	24 8	24 0	[illegible]
Malliapoorum	4 4	4 8	3 7	3 0	3 13	3 8	3 4	3 1	3 2	3 3	–	–	–	–	
Kamptee	–	–	–	–	–	–	–	–	–	–	60 0	59 0	59 0	40 0	[illegible]
Seetabuldee	–	–	–	–	–	–	–	–	–	–	–	–	–	–	
Madras, Fort St. George	4 4	4 4	3 6	3 6	3 6	3 5	3 11	3 6	4 5	4 4	46 0	41 0	40 0	39 0	33 4
Masulipatam, Vizagapatam.	–	–	–	–	–	–	–	–	–	–	55 0	55 0	61 0	65 0	55 0
Secunderabad	3 4	3 0	3 0	3 0	3 0	2 13	2 13	3 0	3 2	3 10	32 0	31 0	43 0	23 0	24 12
Trichinopoly	3 0	3 1	3 0	3 0	3 2	3 0	4 0	3 15/27 0	3 3/7 0	4 0	34 0	35 0	35 4	70 4	[illegible]
Wellington	4 8	4 4	4 2	3 3	3 8	3 12	3 10	3 10	4 0	4 4	42 0	35 0	35 0	41 0	[illegible]
Rangoon	–	–	–	–	–	–	–	–	–	–	26 0	25 0	38 0	40 0	[illegible]
Thyetmew	Despatched from Madras			–	–	–	–	–	–	–	35 0	36 0	58 8	43 3	[illegible]
Tonghoo	–	–	–	–	–	–	–	–	–	–	Paddy issued.		–	–	
Total	34 15	34 8	30 6	28 9	30 8	31 7	31 5	29 13	34 2	36 14	483 14	475 15	532 13	508 3	389 [illegible]
Average per each Year	3 14	3 12	3 6	3 2	3 6	3 8	3 7	3 3	3 12	4 1½	40 5	39 10	44 6	42 6	32 [illegible]
	Average upon 10 years' prices, 3 lb. 8 oz. per rupee.										Average upon 10 years' prices				

Commissary General's Office, Madras,
February 1870.

STATEMENT of the Cost of Bread, Beef, and

STATIONS.	BREAD, Pounds per Rupee.										BEEF			
	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.	1860.	1861.	1862.	1863.
	Lbs. oz.	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*
Bangalore	16 12	14 12	16 12	12 8	6 4	9 1	6 12½	8 8	12 8	12 11	15 0	13 0	13 3	[illegible]
Bellary	13 0	12 4	14 7	11 5	6 10	6 0	5 8 / 4 8	8 4	14 0	18 0	16 0	16 0	16 8	[illegible]
Ramandroog	10 0	10 0	12 8	10 8 / 5 12	4 8	5 0	5 0 / 4 8	7 0	10 0	13 0	7 4	7 4	11 0	[illegible]
Cannanore	15 8	16 1	16 0	12 7	10 3	6 7	8 0	9 2	10 12	11 13	16 0	16 7	17 12	[illegible]
Calicut	15 0	15 0	14 0	11 0	9 3	6 0	7 8	8 11	9 4	9 0	16 8	16 7	14 2	[illegible]
Malliapoorum	12 8	12 4	12 0	11 12	9 9	6 9	6 9	8 4	8 12	10 0	16 2	16 0	15 0	12 15
Kamptee	22 0	22 0	19 0	10 0	10 0	13 0	11 6	13 8	16 8	7 4	14 0	14 0	14 0	[illegible]
Seetabuildee	22 0	22 0	19 0	10 0	10 0	12 8	9 0	12 0	16 0	8 0	14 0	14 0	14 0	[illegible]
Madras, Fort Mount, &c.	9 0	9 6	12 3	9 9	7 1 11/16	9 1/7	6 6	9 2	9 2	9 2	11 8	11 8	14 0	[illegible]
Masulipatam, Vizagapatam.	10 0	10 1	13 0	17 7	8 11	8 4	8 0	8 8	14 0	8 4	11 0	10 12	10 1	[illegible]
Secunderabad	17 0	17 0	13 8	5 4	12 12	9 12	6 0	9 6	15 12	13 0	24 0	24 0	16 0	[illegible]
Trichinopoly	8 0	8 8	8 8	10 8	4 14	6 8	6 0	6 12	7 5	9 12	12 0	12 8	12 9	[illegible]
Wellington	7 8	8 8	6 8	6 8	6 12	6 12	7 2	7 0	6 0	7 5	9 0	9 0	11 2	[illegible]
Rangoon	8 0	8 0	10 0	8 4	7 4	8 8	7 8	7 8	8 0	8 8	4 4	4 0	4 0	[illegible]
Thyetmew	9 0	10 0	10 0	9 0	10 0	12 0	10 0	8 12	8 12	11 0	10 1	11 0	14 0	[illegible]
Tonghoo	7 0	7 4	7 8	8 0	8 0	7 3/8 0	7 1/8 0	7 6	7 4	7 4	5 9	5 8	5 7	[illegible]
Total	202 4	202 13	204 6	161 10¾	131 11	132 8	116 8	139 11	173 2	163 15	201 7	202 13	202 12	168 11
Average per each Year	12 10¼	12 10 13/16	12 12 2/8	10 1 5/8	8 4	8 4	7 5	8 12	10 13	10 4	12 9	12 11	12 11	10 8
	Average upon 10 years' prices, 10 lbs. 2 oz. per rupee.										Average upon 10 years'			

Commissary General's Office, Madras,
February 1870.

PADDY STRAW, Pounds, per Rupee, from 1860 to 1869.

Pounds, per Rupee.					PADDY STRAW, Pounds, per Rupee.									
1865.	1866.	1867.	1868.	1869.	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.
Lbs. oz.	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*
36 0	32 0 25 0 26 0	28 8	30 2	48 4	230 0	240 0	200 0	203 0	230 0	121 7	155 0	168 0	235 0	235 0
22 5	15 5	26 2	43 8	67 8	45 0	44 8	45 0	45 0	45 0	62 0	65 0	90 0	168 0	186 0
35 14	25 8	25 12	25 7	32 4	170 0	160 0	165 0	171 0	171 0	160 0	170 0	170 0	171 0	200 0
20 0	25 0	23 0	24 0	23 8	100 0	90 0	90 0	90 0	90 0	90 0	65 0	65 0	150 0	–
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
32 0	25 0	21 0	37 0	22 0	160 0	150 0	111 0	130 0	110 0	120 0	110 0	110 0	112 0	34 0
–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
30 0	26 0	29 7	34 0	38 0	240 0	242 6/7 0	242 6/7 0	230 0	265 0	265 0	187 0	205 0	185 0	130 0
45 0	25 0	52 0	60 0	60 0	75 0	75 0	75 0	74 0	75 0	90 0	90 0	160 0	170 0	140 0
23 8	14 1	21 12	28 12	23 12	146 0	146 0	133 0	105 0	69 0	71 0	75 4	65 9	171 0	85 4
43 4	28 0	39 4	26 0	36 4	255 0	260 0	260 0	275 0	155 0	115 0	120 0	205 0	182 0	183 0
30 0	11 13	26 0	19 0	30 13	105 0	110 0	112 0	80 0	75 0	89 0	27 8	30 0	35 0	34 0
34 8	24 0	27 0	32 8	33 8	250 0	270 0	270 0	285 0	290 0	290 0	165 0	170 0	180 0	200 0
38 0	38 0	38 0	32 8	33 0	220 0	225 0	225 0	311 0	311 0	310 0	310 0	400 0	200 0	200 0
–	26 0	26 0	27 0	27 0	200 0	200 0	200 0	200 0	200 0	292 0	292 0	292 0	290 0	292 0
392 7	308 11	377 13	419 13	475 13	2,196 0	2,213 5	2,128 13	2,199 0	2,086 0	2,075 7	1,831 12	2,130 9	2,249 0	1,919 4
32 15	23 12	29 1	32 0	36 9	169 0	170 4	163 12	169 2	160 7	159 10	140 14	163 13	173 0	159 15
35 lbs. 6 oz. per rupee.					Average upon 10 years' prices, 162 lb. 15 oz. per rupee.									

E. G. Miller, Colonel,
Commissary General.

MUTTON, Pounds, per Rupee, from 1860 to 1869.

Pounds per Rupee.						MUTTON, Pounds per Rupee.									
1864.	1865.	1866.	1867.	1868.	1869.	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.
Lbs. oz.	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*
11 12	12 4	10 6	9 6	8 6	8 10	14 0	13 8	13 3	10 0	11 0	7 8	7 0	7 0	6 6	7 0
14 8	11 12	11 0	15 0	15 4	16 10	10 0	10 8	6 8	6 0	7 9	6 0	8 2	6 12	8 0	8 4
5 5	7 8	8 0 5 0	7 0 5 0	8 0	8 8	8 12	8 0	8 0	6 8	4 0	5 0	5 0 4 0	5 12 3 8	5 0	5 4
11 8	8 4	8 4	8 4	10 6	9 8	6 10	6 11	6 3	5 8	5 8	4 0	4 0	3 0	3 11	3 10
11 3	9 0	9 0	10 0	8 0	10 0	6 12	6 12	6 0	6 4	5 0	4 10	4 8	4 8	4 4	4 0
12 15	9 0	9 0	9 0	9 0	8 8	7 0	7 0	7 0	7 0	5 4	4 3	4 0	4 0	3 0	3 8
9 0	8 0	8 0	9 0	11 0	10 0	8 0	8 0	9 4	7 0	7 0	6 0	6 12	6 4	6 8	6 8
9 0	7 0	7 0	9 0	8 0	8 0	8 0	8 0	9 4	7 0	7 0	6 0	6 4	5 8	5 12	5 8
13 0	11 13	10 11	9 8	11 0	12 12	11 8	11 8	14 0	8 11½	13 0	10 9	10 11	9 8	8 9	9 12
10 2	11 11	14 0	8 0	8 0	8 4	8 0	8 10	9 8	10 8	10 8	10 0	9 0	7 0	6 12	6 12
17 0	10 0	13 1	11 8	16 0	13 0	14 8	14 0	10 8	8 8	10 8	6 0	7 9	7 3	8 0	5 8
8 8	10 6	7 0	9 4	7 4	7 4	8 0	8 8	8 0	7 2	8 2	6 14	7 8	6 6	5 14	6 02
10 8	10 9	11 8	8 9	10 8	5 0	7 0	8 0	8 2	8 10	7 0	7 0	7 8	7 0	6 4	6 05
5 0	7 1	6 9	5 0	5 9	6 0	1 9	1 9	1 9	1 9	1 9	1 9	1 9	1 9	1 9	1 98
10 8	8 0	8 0	8 0	7 8	6 2	2 10	2 10	2 8	2 9	2 10	2 10	2 10	2 10	2 10	2 100
5 8	5 5	5 4	5 0	5 3	5 10	2 10	1 10	1 12	1 12	1 12	1 10	1 12	1 10	1 10	1 102
165 5	147 9	145 3	140 7	149 0	143 12	123 15	124 14	121 5	104 9	107 6	89 0	93 5	84 8	83 13	83 7
10 5	9 3	9 1	8 12	9 5	9 0	7 11	7 13	7 9	6 8	6 11	5 9	5 13	5 4	5 3	5 3
prices, 10 lb. 6 oz. per rupee.						Average upon 10 years' prices, 6 lbs. 5 oz. per rupee.									

E. G. Miller, Colonel,
Commissary General.

STATEMENT of the Cost of VEGETABLES, RICE

STATIONS.	VEGETABLES, Pounds per Rupee.										RICE, Pounds			
	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.	1860.	1861.	1862.	1863.
	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.
Bangalore	30 0	28 4	36 0	57 12	65 9	53 8	54 8	49 12	40 5	48 6	27 1	20 8	20 1	25
Bellary	90 0	93 0	85 8	{83 0 / 50 0}	55 0	60 0	55 0	73 0	129 0	110 0	18 0	18 0	22 0	21
Ramandroog	50 0	50 0	15 0	30 0	30 0	40 0	40 0	35 0	35 0	40 0	18 0	18 0	19 0	16
Cannanore	30 0	29 14	35 0	32 0	33 0	30 3	23 0	23 0	27 0	28 12	22 10	22 11	24 0	22
Calicut	32 0	34 0	32 0	35 0	33 0	28 0	23 0	20 8	27 0	32 0	17 0	16 12	16 12	16
Malliapoorum	30 0	30 0	35 0	35 7	28 2	22 0	22 0	22 0	32 0	30 0	18 0	19 1	18 4	28
Kamptee	60 0	60 0	72 0	70 0	70 0	65 0	52 0	58 0	75 0	51 0	33 0	33 0	36 0	27
Seetabuldee	68 0	68 0	72 0	70 0	70 0	60 0	45 0	50 0	50 0	30 0	33 0	33 0	36 0	27
Madras, Fort St. George	21 0	21⅓ 0	19 0	17 7	13 8	23 0	15 0	26 0	32 0	53 0	27 0	27 7	27 5	16
Masulipatam, Vizagapatam.	90 0	96 0	96 0	96 0	64 0	58 0	51 0	50 0	61 0	51 0	32 0	32 0	28 0	30
Secunderabad	60 0	55 0	63 0	72 8	68 0	62 0	62 0	59 4	75 4	55 9	20 0	20 0	30 0	20
Trichinopoly	70 0	75 0	96 0	{102 0 / 75 0}	80 0	66 0	54 0	60 0	51 0	54⅔ 0	21 0	21 12	30 4	30
Wellington	31 0	35 0	32 0	32 0	20 0	21 0	30 0	28 12	30 5	30 0	17 4	16 4	16 8	17
Rangoon	20 0	18 0	21 0	22 8	23 0	26 0	26 8	20 0	18 0	18 0	36 3	36⅓ 0	36⅓ 0	36
Thayetmyo	17 8	17 8	23 8	29 8	29 8	20 0	23 0	23 0	13 0	15 8	27 0	27 8	28 0	28
Tonghoo	11 0	11 4	11 8	10 8	12 0	11 0	11 0	21 0	20 0	20 0	32 0	33 0	31 0	35
TOTAL	710 8	722 3	744 8	765 4	694 11	645 11	587 0	619 4	715 14	668 1	399 2	394 12	419 9	398
Average for each Year	44 6	45 2	46 8	47 13	43 6	40 5	36 11	38 11	44 11	41 12	24 15	24 10	26 3	24
	Average upon 10 years' prices, 42 lbs. 14 oz. per rupee.										Average upon			

Commissary General's Office,
Madras, February 1870.

STATEMENT of the Cost of SALT, FIREWOOD, and

STATIONS.	SALT, Pounds per Rupee.										FIREWO			
	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.	1860.	1861.	1862.	1863.
	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs. oz.	Lbs.
Bangalore	36 4	36 4	35 0	34 –	30 0	36 8	35 4	27 12	31 8	32 8	200 0	200 0	200 0	12
Bellary	25 0	25 0	28 0	{22 0 / 16 0}	21 0	{20 8 / 16 0}	16 0	21 12	22 4	26 10	188 0	188 0	150 0	
Ramandroog	24 0	24 0	24 0	18 0	16 4	21 0	{12 0 / 10 0}	12 0	12 0	12 0	350 0	350 0	380 0	
Cannanore	48 7	48 0	44 14	40 0	40 0	42 8	39 0	37 0	39 15	37 0	370 0	380 0	330 0	
Calicut	32 0	33 0	31 0	30 0	33 0	32 0	32 0	30 0	32 0	31 0	200 0	205 0	220 0	
Malliapoorum	35 0	34 8	34 0	33 0	33 0	32 8	30 0	24 0	26 0	29 0	355 0	353 0	350 0	
Kamptee	24 0	24 12	16 0	13 0	13 8	12 0	13 0	14 0	16 0	16 0	300 0	320 0	400 0	
Seetabuldee	24 0	24 12	16 0	13 0	13 8	11 12	12 0	13 0	14 0	12 0	300 0	320 0	400 0	
Madras, Fort St. George, Mount, &c.	53 0	54 0	54 12	64 0	32 0	35 0	39 0	32 0	35 0	35 0	190 0	190 0	192 0	
Masulipatam, Vizagapatam.	16 0	16 8	15 0	14 0	14 0	14 4	14 0	12 0	14 0	10 0	384 0	384 0	316 0	
Secunderabad	27 0	28 0	25 0	12 0	23 4	18 5	14 1	12 9	22 2	20 5	395 0	395 0	421 0	
Trichinopoly	45 0	40 0	44 0	36 0	36 8	30 8	29 8	31 8	32 0	32 0	300 0	303 0	303 0	
Wellington	21 0	21 0	25 0	25 0	19 0	19 0	18 0	20 0	20 8	18 0	320 0	257 0	300 0	
Rangoon	48 0	48 0	48 0	48 0	43 0	40 0	28 0	16 0	22 0	22 0	250 0	260 0	260 0	
Thyetmew	37 0	37 0	38 0	38 0	38 0	38 0	35 8	35 8	35 4	35 0	620 0	630 0	780 0	
Tonghoo	18 0	19 0	20 0	19 8	19 0	18 0	26 0	19 12	19 0	19 0	308 0	310 0	300 0	
TOTAL	513 11	513 12	498 16	456 10	430 0	419 9	392 5	358 13	393 9	387 7	5,030 0	5,045 0	5,302 0	
Average for each Year	32 1	32 1	31 1	28 8	27 0	26 3	24 8	22 6	24 9	24 0	314 6	315 5	331 6	
	Average upon 10 years prices, 27 lbs. 3 oz. per rupee.										Average upon 10 years'			

Commissary General's Office,
Madras, February 1870.

and SUGAR, Pounds, per Rupee, from 1860 to 1869.

per Rupee.						SUGAR, Pounds per Rupee.									
1864.	1865.	1866.	1867.	1868.	1869.	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.
Lbs. oz.	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*
16 9	20 1	19 0	18 2	18 13	21 10	10 2	11 12	11 4	12 9	14 4	11 12	10 5 / 5 6	6 4	8 8	10 4
12 0	13 8 / 10 0	10 0	13 4	15 2	19 4	10 4	10 4	10 0	13 8	8 10	8 8	9 0	9 6	9 4	14 6
9 0	11 0	9 0 / 7 0	10 0	10 0	11 0	10 4	10 4	10 4	13 8	6 0	6 0	6 0 / 5 0	6 0	6 0	6 8
17 8	16 2	16 0	15 0	19 0	19 0	15 12	5 8	6 2	6 7	5 12	5 0	6 0	6 0	7 0	7 4
16 0	15 2	14 8	14 2/3 0	17 0	16 0	5 12	5 8	5 1	5 7	5 8	5 5	5 4	5 8	6 0	6 4
16 8	15 7	15 0	16 0	14 0	16 0	4 12	4 13	4 10	5 1	5 1	4 8	4 4	4 0	5 0	6 12
28 0	15 0	18 0	20 0	26 8	16 0	5 0	5 0	5 0	4 12	4 14	5 8	5 9	5 9	5 12	5 15
28 0	16 0	16 0	18 4	33 0	12 0	5 0	5 0	5 0	4 12	4 14	4 12	5 0	5 6	5 12	5 0
25 0	23 8	19 0	20 4	21 5	21 2	7 14	7 14	7 8	6 0	7 0	6 11	6 0	7 0	6 8	7 3
21 0	16 8	14 1	23 0	34 0	22 8	6 0	6 5	6 10	6 0	5 5	3 3	4 0	3 8	4 12	5 0
20 12	17 0	17 5	14 0	24 0	18 0	16 0	11 4	9 0	9 0	12 4	9 4	7 1	7 12	9 15 1/2	8 2
24 8	16 8	14 4	14 8	21 4	19 8	12 8	12 4	11 7	12 4	12 4/5 0	8 8/23 0	10 3/19 0	9 1/7 0	9 21/53 0	10 0
12 12	12 8	12 4	13 4	15 0	15 8	7 0	6 8	6 8	6 4	6 4	6 4	5 12	5 0	5 2	4 4
36 1/3 0	28 0	26 3	26 0	27 0	29 0	5 8	5 7	6 0	7 0	5 14	4 4	5 8	5 9	4 4	4 4
27 8	27 0	28 0	28 0	28 0	25 8	6 0	6 0	6 0	6 0	6 0	6 4	5 12	6 1	6 0	6 0
30 0	31 0	33 0	32 0	30 0	30 0	6 4	6 0	6 0	6 3	6 1	6 0	6 5	6 1	5 12	5 12
341 8	292 0	280 9	295 14	354 0	312 0	124 0	119 11	116 6	124 11	116 8	101 8	98 14	98 2	104 15	112 14
21 5	18 4	17 8	18 7	22 2	19 8	7 12	7 7	7 4	7 12	7 4	6 5	6 2	6 2	6 8	71 1
10 years' prices, 21 lbs. 1 oz. per rupee.						Average upon 10 years' prices 6 lbs. 14 oz. per rupee.									

E. G. Miller, Colonel,
Commissary General.

POTATOES, Pounds per Rupee, from 1860 to 1869.

Pounds per Rupee.						POTATOES, Pounds per Rupee.									
1864.	1865.	1866.	1867.	1868.	1869.	1860.	1861.	1862.	1863.	1864.	1865.	1866.	1867.	1868.	1869.
Lbs. oz.	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*	*Lbs. oz.*
180 8	235 0	200 0 / 125 0	175 0	200 0	201 0	50 0	28 4	30 4	30 5	26 12	14 2/3 0	20 0	22 5	26 15	32 4
135 0	120 0	135 0	130 0	154 0	130 0	18 0	18 4	18 0	18 8	18 8	15 4	12 3	10 0	15 0	19 0
170 0	210 0	300 0	300 0	310 0	300 0	10 0	10 0	11 0	10 0	10 0	9 4	9 4	5 8	8 8	8 0
325 0	340 0	340 0	255 0	227 0	181 0	16 0	16 15	20 0	18 0	20 0	16 9	12 4	12 4	14 4	15 2
200 0	210 0	210 0	173 0	245 0	250 0	15 0	15 0	20 0	21 1	20 0	19 0	16 4	11 8	14 4	20 0
345 0	340 0	340 0	355 0	327 0	200 0	23 8	23 9	29 7	20 2	17 10	12 8	12 8	16 8	17 0	17 4
221 0	220 0	182 0	250 0	210 0	240 0	14 0	13 0	10 0	15 0	13 0	7 0	12 8	12 8	17 0	16 8
221 0	210 0	182 0	170 0	200 0	160 0	14 0	13 0	10 0	15 8	17 8	12 0	11 0	11 0	15 0	13 0
162 0	199 0	174 0	160 0	168 0	172 0	21 0	21 1/3 0	19 0	17 7	13 8	23 0	15 0	26 0	32 0	53 0
322 0	300 0	262 0	265 0	266 0	230 0	8 8	8 11	8 10	6 13	6 0	5 8	5 8	8 0	8 0	7 6
265 5	276 9	292 8	235 8	312 0	300 0	17 0	16 0	8 0	16 4	12 4	10 0	9 0	10 12	16 4	16 12
192 0	256 0	270 0	281 0	300 0	285 0	23 8	24 0	24 8	22 0	20 4	17 8	16 8	14 10	15 3/51 0	19 5
305 0	150 0	220 0	230 0	250 8	270 8	45 0	50 4	46 0	40 0	35 0	35 0	27 0	30 0	32 0	34 8
250 0	264 0	266 0	260 0	185 0	185 0	5 8	6 0	6 1	5 3	5 4	5 8	5 5	6 6	10 12	7 0
750 0	750 0	730 0	740 0	700 0	700 0	5 8	5 7	5 6	5 5	5 4	5 8	5 8	5 8	5 8	5 12
320 0	307 0	307 0	340 0	416 0	410 0	5 0	5 4	5 5	5 8	5 7	5 3	5 9	5 0	5 0	5 8
4,363 0	4,388 0	4,372 0	4,319 0	4,470 0	4,214 0	291 8	274 15	271 9	267 0	246 5	213 0	195 5	207 13	252 8	290 5
272 11	274 4	273 4	269 15	279 6	263 6	18 3	17 3	17 0	16 11	15 6	13 6	12 4	15 0	15 12	18 2
prices, 289 lbs. 14 oz. per rupee.						Average upon 10 year's prices, 15 lbs. 4 oz. per rupee.									

E. G. Miller, Colonel,
Commissary General.

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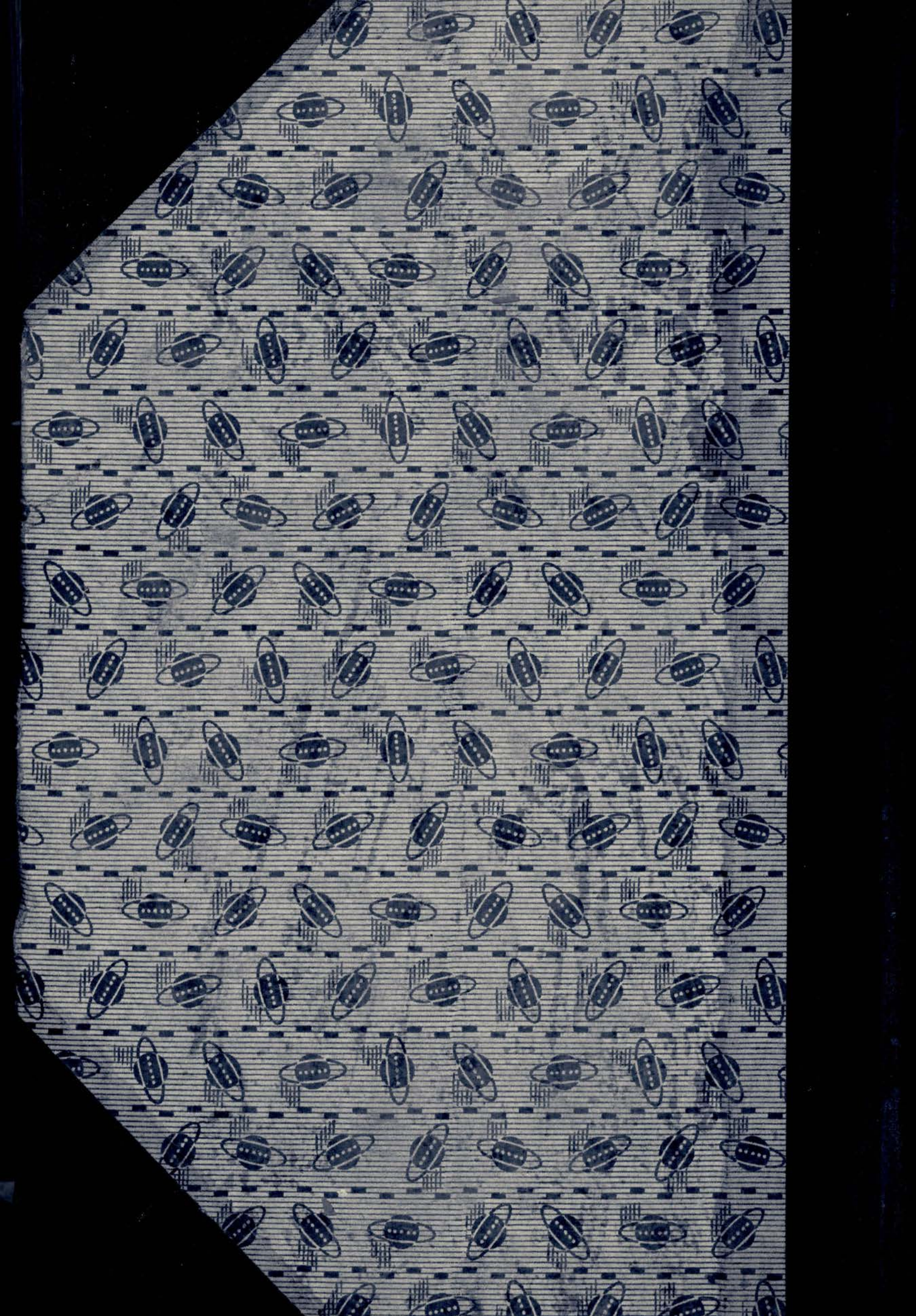
on 01 February, 2020